


April 1921

25 Cents

# THE NATION'S BUSINESS



## In This Number

Senator Cummins on the Railroads

A. C. Bedford on Trade with Italy

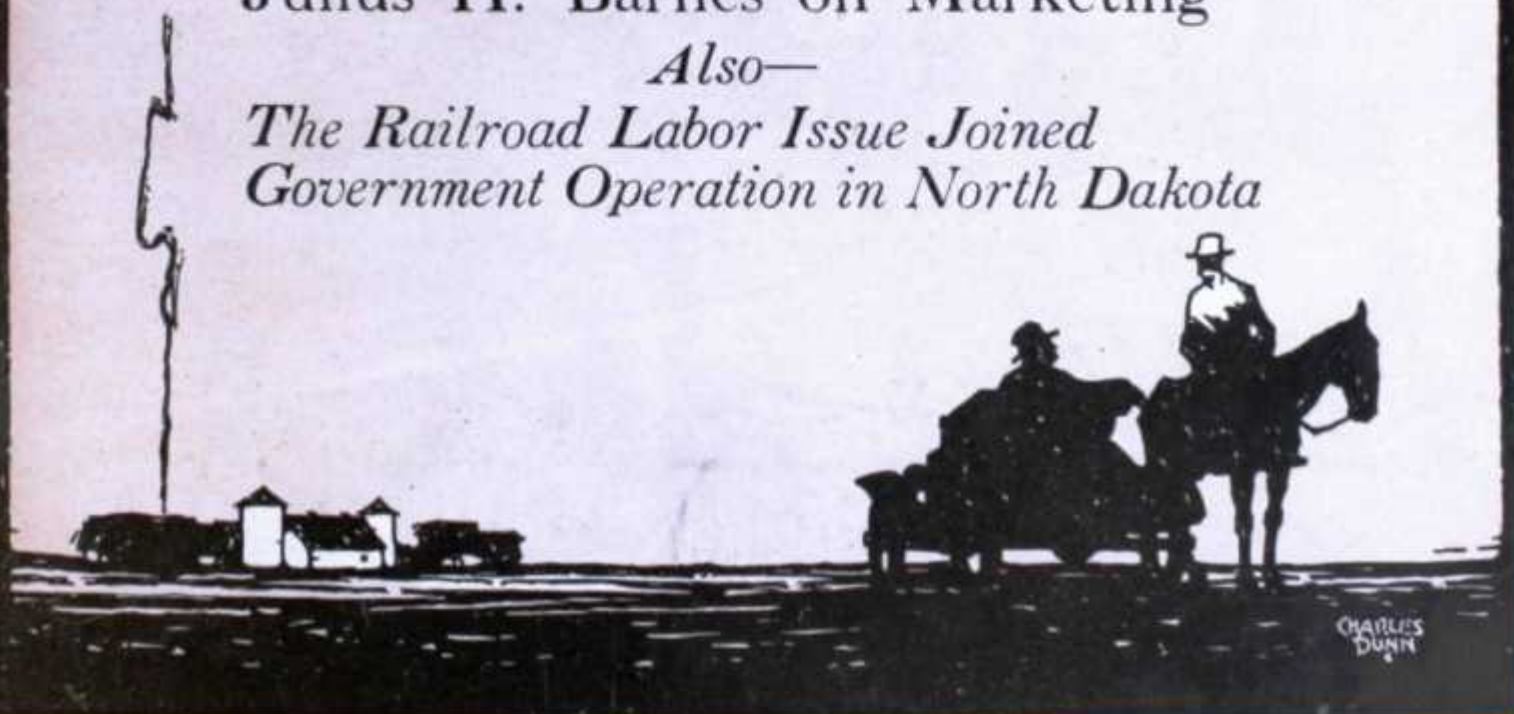
Chairman Good on Taxation

W. Averell Harriman on Shipping

Julius H. Barnes on Marketing

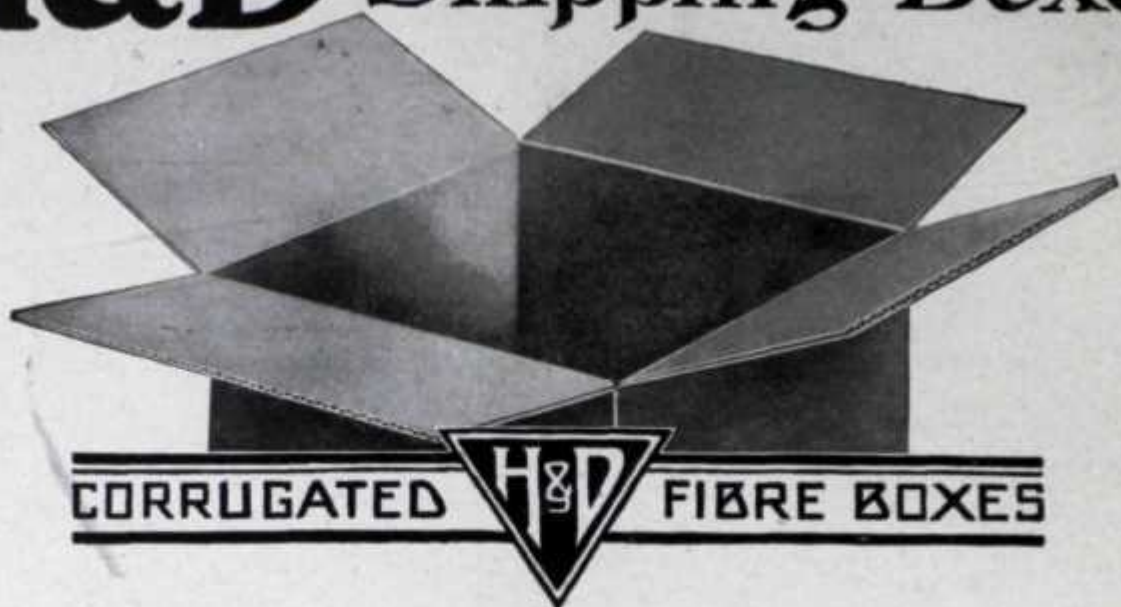
*Also—*

*The Railroad Labor Issue Joined  
Government Operation in North Dakota*





# H&D Corrugated Fibre Board Shipping Boxes

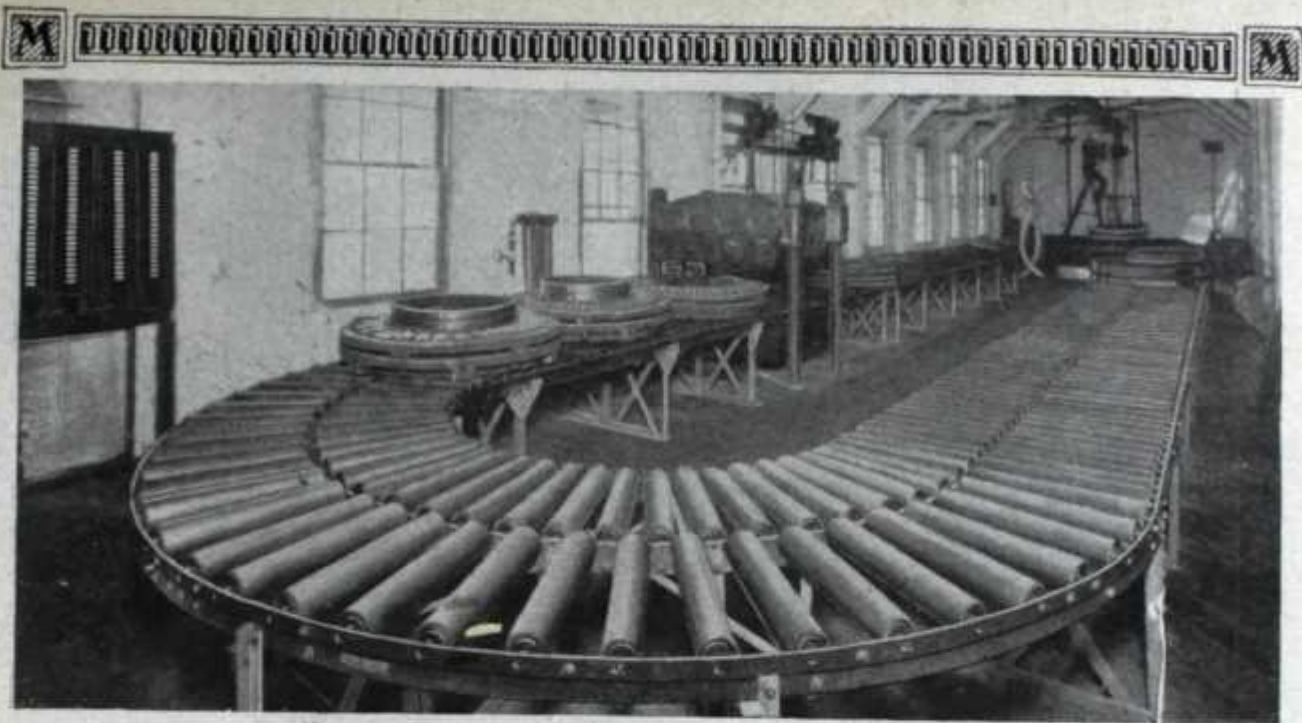


**O**N crowded loading platforms or in swaying freight cars, in hustling terminals or on teeming wharves—in fact wherever shipping is handled, you will find these sturdy, strong containers safeguarding a thousand different products. Foodstuffs in glass or tins, fabrics, shoes, fixtures, instruments, soaps and fragile glassware are all more economically and safely packed in these better boxes.

Let us show you how satisfactorily your packing needs can be served with *Hinde and Dauch Corrugated Fibre Board Boxes and Auxiliary Materials*. Send us collect, a typical sample shipment of your products, and our special service department will return them to you prepaid, packed in snug-fitting H & D Corrugated Fibre Board. This is absolutely free as a means of demonstration and places you under no obligation. Our well illustrated 40 page booklet, "How to Pack It," full of information of value to all shippers, will be mailed you on request.







*This is how the Converse Rubber Shoe Co., Malden, Mass., handles heavy molds through various tire-making operations. One of hundreds of Mathews Conveyor adaptations.*

# Industrial Preparation

means, for one thing, finding the weak spots in factory or mill operation.

One of your weak spots may be too much manual labor in getting materials or finished products from one place to another in plant or yard. Too much labor of this kind means loss of productive time and general plant inefficiency.

Now, while your orders are running light, is the ideal time to call in a Mathews Engineer to talk with you about your indoor conveying problems, and learn from him how gravity and power units can be designed to accomplish mechanical conveyance through all departments.

Prepare for the rush that will surely come within the next few months. A

conveying system will pay its own cost and a substantial profit on the investment.

Write for new general catalog and then ask for an interview with our nearest Sales Engineer without obligation.

**MATHEWS GRAVITY CARRIER CO.**  
148 Tenth Street, Ellwood City, Penna.

BRANCH FACTORIES:  
PORT HOPE, ONT. LONDON, ENG



**MATHEWS**  
SPEED ECONOMY  
GRAVITY. ROLLER. CONVEYER



Below is a photograph showing how Economy Storage Racks facilitate the storage of oil in the Sinclair Oil warehouse at Denver, Colo., so as to utilize the fullest capacity of the space and at the same time leave each tier entirely free and independent of the others.



The large picture shows how three men pile bales of burlap, weighing 950 to 1850 pounds each, right up to the ceiling. One of three Economy electric machines used by the Mente Bag Co., New Orleans, La.



An Economy Portable Elevator can be used for a variety of purposes in addition to the one for which it may have been purchased. Above is a photograph of an electric machine being used by the Holland Core Oil Co., Chicago, for loading a truck with heavy drums and barrels of oil.

## SAVING 50% Labor—40% Time—13½% Space

**T**HE MENTE Bag Company, New Orleans, La., employed twenty men to pile huge bales of burlap weighing 950 to 1850 pounds each. It took these twenty men just five hours to pile 100 bales—a total of 100 man hours.

The space required to hold the 100 bales amounted to 4992 cubic feet.

Naturally this company wished to reduce the high cost of the work and to increase the efficiency of the men and the capacity of the space. Accordingly, the Economy Storage Engineers were called into consultation. And Economy Portable Elevators were the simple solution.

Now ten men pile 100 bales in three hours, making a total of only thirty man hours, as against the hundred formerly required.

And because it is now possible to pile straight up to the ceiling and thus eliminate "stepping," the 100 bales are stored in 4320 cubic feet of space, or 672 cubic feet less than previously required.

Many concerns are still wasting labor, time and space in their warehouses, *without being aware of it.* Whether your product, raw or finished, is in bales, bags, boxes, crates, barrels, or other form, Economy Storage Engineers can probably show you how to save in the cost of handling, as they have shown others in more than a hundred different lines.

WRITE, giving facts about your methods and requirements. No charge for consultation and advice. Free booklet, "Economy in Storage," gives interesting information.

The ECONOMY  
SYSTEM

ECONOMY ENGINEERING COMPANY

2659 West Van Buren Street, Chicago, U. S. A.  
BOSTON NEW YORK PHILADELPHIA DETROIT ATLANTA SAN FRANCISCO

How much space  
are YOU wasting?

# ECONOMY PORTABLE ELEVATORS and STORAGE RACKS





Interior view Truscon  
Standard Building—  
Continental Car Co.,  
of America, Louisville,  
Kentucky

Exterior view Truscon  
Standard Building—  
Sunnyhams Electric  
Co., Detroit, Mich.



## The ALL GLASS and STEEL BUILDING

The daylight types of Truscon Standard Buildings possess every requirement demanded for the ideal modern factory. These buildings are built entirely of glass and steel—every nook and corner is flooded with daylight—the ventilation is perfect at all times—all types are easily heated.

They provide all features that make for the comfort and increased productive efficiency of workers. The results which Truscon Standard Buildings produce can be measured by greater output, better workmanship, less spoilage, and reduced lighting bills.

Truscon Standard Buildings are the most economical kind of permanent construction. Erection costs are low. Built entirely of steel panels, steel sash and steel units, the sections can be easily and quickly handled. These buildings can be enlarged or taken down and re-erected in

a new location without loss at 100% salvage value.

Sidewalls and roof are manufactured from Truscon Alloy Steel which has proven its superior durability and permanence by exposure tests over a period of years.

Many types of daylight buildings are furnished, including monitor, sawtooth and hip roof types with lantern. They may be had in practically every size.

Return coupon today, checking the size and the purpose of the building which you require

**TRUSCON STEEL COMPANY**  
YOUNGSTOWN, OHIO

Warehouses and Sales Offices in Principal Cities

# TRUSCON

STANDARD  BUILDINGS

### INFORMATION COUPON

Diagrams show Types and sizes of TRUSCON STANDARD BUILDINGS. HEIGHTS, Gable to Eave, 7'-0" or 9'-6". LENGTHS, Types 1, 2, 3 and 4 any Multiple of 20' LANTERN, 12'-0" wide provided at Ridge of any Building 40'-0" or more in width.



TYPE 1  
Widths, 6'-0" 8'-0" 12'-0" 16'-0" 24'-0" 28'-0" 30'-0" 40'-0" 60'-0"



TYPE 2  
Widths, 40'-0" 50'-0" or 60'-0"



TYPE 3  
Widths, 50'-0" 52'-0" 58'-0" 60'-0" 64'-0" 70'-0" 74'-0" 80'-0" 84'-0"



TYPE 4  
Widths, 80'-0" or 100'-0" (4 Bays @ 20' or 25')



TYPE 5  
Widths, 10'-0" 14'-0" 20'-0" 24'-0" 30'-0" 34'-0" 40'-0" 44'-0" 50'-0" 54'-0" 60'-0" 64'-0" 70'-0" 74'-0" 80'-0" 84'-0" 90'-0" 94'-0" 100'-0" 104'-0" 110'-0" 114'-0" 120'-0" 124'-0" 130'-0" 134'-0" 140'-0" 144'-0" 150'-0" 154'-0" 160'-0" 164'-0" 170'-0" 174'-0" 180'-0" 184'-0" 190'-0" 194'-0" 200'-0" 204'-0" 210'-0" 214'-0" 220'-0" 224'-0" 230'-0" 234'-0" 240'-0" 244'-0" 250'-0" 254'-0" 260'-0" 264'-0" 270'-0" 274'-0" 280'-0" 284'-0" 290'-0" 294'-0" 300'-0" 304'-0" 310'-0" 314'-0" 320'-0" 324'-0" 330'-0" 334'-0" 340'-0" 344'-0" 350'-0" 354'-0" 360'-0" 364'-0" 370'-0" 374'-0" 380'-0" 384'-0" 390'-0" 394'-0" 400'-0" 404'-0" 410'-0" 414'-0" 420'-0" 424'-0" 430'-0" 434'-0" 440'-0" 444'-0" 450'-0" 454'-0" 460'-0" 464'-0" 470'-0" 474'-0" 480'-0" 484'-0" 490'-0" 494'-0" 500'-0" 504'-0" 510'-0" 514'-0" 520'-0" 524'-0" 530'-0" 534'-0" 540'-0" 544'-0" 550'-0" 554'-0" 560'-0" 564'-0" 570'-0" 574'-0" 580'-0" 584'-0" 590'-0" 594'-0" 600'-0" 604'-0" 610'-0" 614'-0" 620'-0" 624'-0" 630'-0" 634'-0" 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—like the screen before the blazing fire

## Square D Switches Safeguard Human Life

In a room where careless youngsters play, would you dare leave them—even for an instant—with nothing between them and the eager blaze in the open grate?

*Infinitely more dangerous than the open grate, the treacherous open-knife switch is waiting to strike—to shock and burn some workman in your plant—to startle and shock the loved ones in your home!*

### *Condemned—the Open Knife Switch!*

Outlawed by the National Board of Fire Underwriters, condemned by safety experts, denounced by fire marshals, and blacklisted by architects and contractors, the obsolete open knife switch must go from the home and factory! And in its place must come the Square D Safety Switch.

Square D is an infallible safeguard against shock and fire. It is a simple knife switch completely shielded by an insulating cabinet of steel. Careless hands cannot enter; the current cannot escape. It is externally operated. "On" and "Off" positions are clearly marked. Read the Underwriters' ruling below.

### *A Size for Every Home and Plant*

In over 300 types and sizes of the Square D Safety Switches there is one for every industrial and domestic need. To protect your home costs very little. To protect your plant is cheaper than you imagine. Telephone or write any electrical dealer or contractor. He can quickly tell the cost of 100% protection with Square D. Or tear this out and mark for your electrical engineer.

### **Danger!** *Important New Ruling of National Board of Fire Underwriters—Effective January 1st, 1921*



"The service switch must be enclosed and preferably of a type that may be operated without exposing the live parts to accidental contact. Service switches must indicate plainly whether they are open or closed."

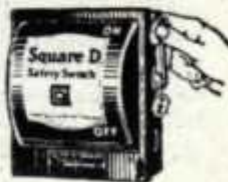
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Canadian Branch:

Walkerville, Ontario

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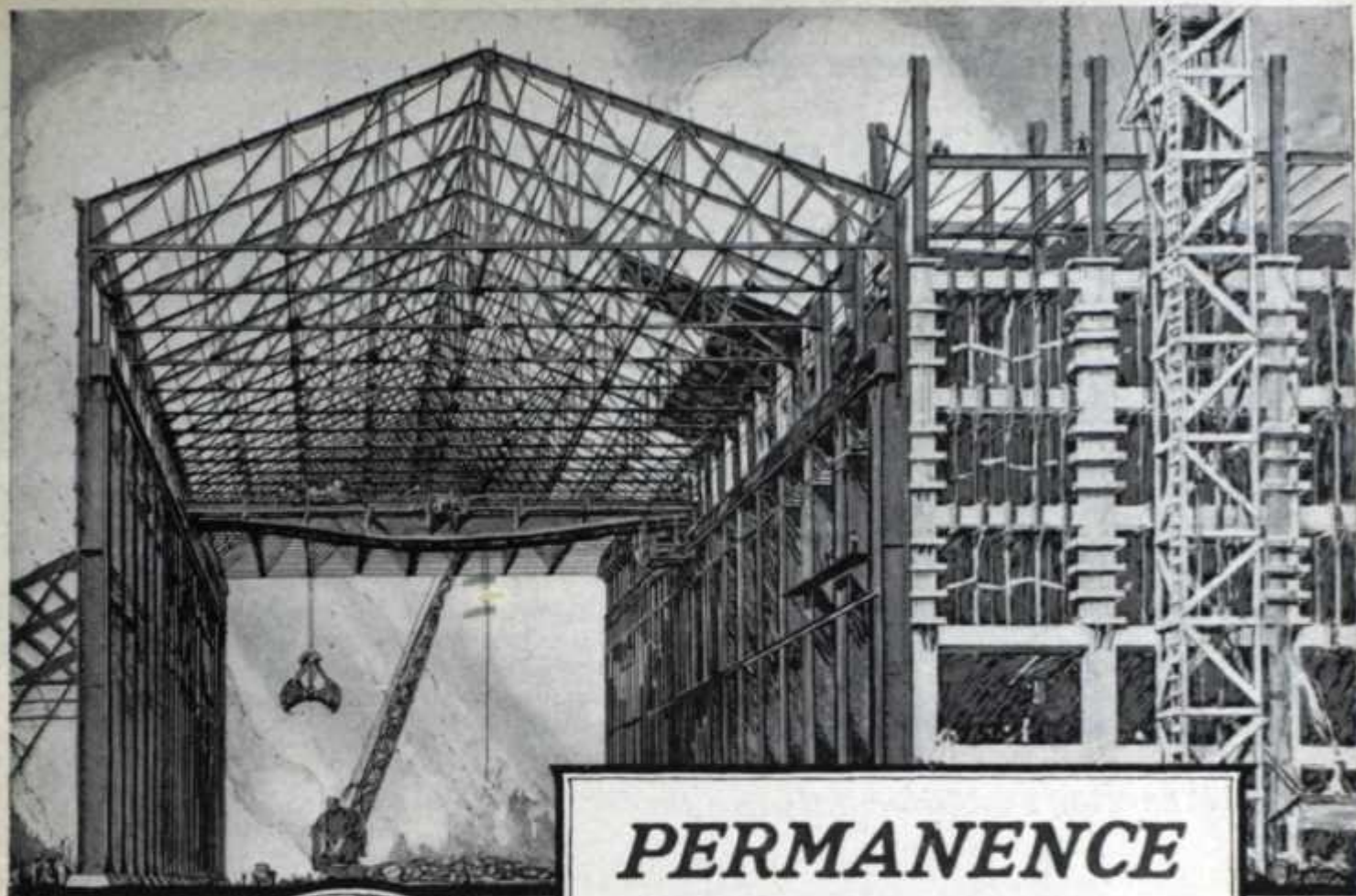
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# Square D Safety Switch

## Makes Electricity Safe for Everyone





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A close-up view of one of the steel columns used in the single story structure.

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whose prices reflect normal operating conditions

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We have just compiled a Research Report which describes the ten fundamentals of quickly getting back to normal. Many of these are already in extensive use. Some organizations

are concentrating upon 1, 4, 7—others upon 2, 5, 9—still others upon 3, 6, 8. But not many firms are actively carrying out the ten points as one complete program.

## *The Ten Fundamentals are these—*

- 1 Practical Normal Capacities
- 2 Departmental Standardized Overheads
- 3 Standard Hourly Production
- 4 Practical Combinations of Production
- 5 Costs at Normal Capacities
- 6 Proper Profit Basis
- 7 Get Worker's Cooperation
- 8 Get Banker's Backing
- 9 Co-ordinate Sales & Advertising with Normal Production
- 10 Adjustment Account for Unabsorbed Burdens

This Research Report, together with a chart showing results secured for one of our clients and a letter from his banker, are being prepared for general

distribution among executives. Have your secretary write us for a copy. We will also enclose our Blue Book. We can describe our plan briefly.

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52 Vanderbilt Avenue, NEW YORK

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## THE NATION'S BUSINESS

Vol. 9

No. 4

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Woolworth Bldg., New York	Oris Bldg., Chicago	Ulmer Bldg., Cleveland	Little Bldg., Boston

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But the Chamber is not responsible for the contents of special articles nor for the opinion to which expression is given in them.

## Through the Editor's Spectacles

INCREASING requests for permission to reprint material appearing in THE NATION'S BUSINESS leads us to call attention to the fact that we are purposely not copyrighted. The magazine is edited for the good it can do. Its purpose is to set forth and clarify the great economic truths which underlie our industrial and commercial life, a life growing more and more involved. When our friends find occasion to provide greater distribution for such facts as we present, they not only have our permission and Godspeed, but they unwittingly give moral support to our elbow.

During recent weeks a number of readers have written or wired for this permission to reprint. Among them are:

Dow, Jones & Company; Ben Franklin Publishing Company; Westinghouse Electric Company; National Enameling & Stamping Company; Furniture Bulletin; The Financier; Baltimore & Ohio Railroad; The Ohio Brass Company; The Mediator; National Cash Register Company; Petroleum Age; American Trust Company; Bausch & Lomb Optical Company; The Knox Hat Company; American Laundry Machinery Company; Associated Advertising Clubs; International Correspondence Schools; Allied Wall Paper Industry; American Rolling Mill Company; American Press Association; Mallory Industries; Faulkner & Faulkner, Inc.; Goodyear Tire & Rubber Company; Ricard & Sloan; Farnsworth Hoyt Company; Sweets Publishing Company; Chambers of Commerce of Portland, Oregon, The Tonawandas, and Attleboro.

In addition to these, requests for more than 200,000 reprints of seventeen articles have come in and have been cheerfully furnished. As I said in the beginning, "let the good work go on." Reprint at pleasure. Of course, we are frail and human and like to see a credit—or discredit—line. But, if the printer leaves it off "on account of space," don't take time out to apologize, as one friend did last week. We understand.

THE good magazine article does not always die with the month in which it was printed. We are still getting letters about George Ed Smith's article, "The Penalties of One-Way Trade." J. G. Culbertson, president of the Wichita Motors Company, says "I agree heartily with Mr. Smith," and illustrates the point in terms of cotton:

In order to set out clearly the effect of depreciated exchanges, he says, assume a quantity of cotton worth \$100 in our markets and follow it to various foreign countries, determining its cost in terms of our money in each of these respective countries: This cotton would cost at today's rate of exchange, \$127 in England; \$138 in Spain; \$145 in Norway; \$211 in Brazil; \$275 in France; \$530 in Italy; \$1,028 in Portugal; \$1,485 in Germany; \$6,730 in Austria; \$10,280 in Russia and \$18,307 in Poland.

The above illustrations do not include transportation or insurance expenses. If these were prepaid from our ports they would be increased in a like proportion in each of the above countries.

It is not difficult to understand why our cotton is not moving freely to foreign countries. We are now confronted with difficulties that are new to us and we must unite our forces and find a way to solve these problems. Foreign exchange will gradually come back to normal, but we cannot expect a complete recovery for several years. In the meantime we must arrange to extend the necessary credits to finance our commodities to these various countries and assist them in getting back to normal production. Only by increased production can these countries increase their national wealth.





## How to Adjust Wages

To know HOW to adjust wages is just as important as the decision to do so.

Readjusting wages does not necessarily mean cutting wages. Labor costs can be reduced without cutting workmen's pay.

Can you reduce your operating costs without cutting wages?

How can you adjust wages and avoid decreased quantity and inferior quality?

## Send for Bulletin

L. V. Estes Incorporated, publish a monthly bulletin—Higher Standards. In the last issue, just off the press, the question, "How Will Wages Be Reduced?" is fully answered. This and other articles tell how wastes, leaks and losses which may be sapping the productive capacity of your plant can be eradicated by simple plans which apply to any business. A copy will be mailed without charge to interested executives.

Merely ask for Bulletin No. 2134

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Chicago New York

TEAR THIS OUT AS A REMINDER  
TO WRITE FOR THIS BULLETIN

which in turn will restore the value of their currency with respect to our own.

The leading minds of this country are now urging the speedy organization of the Foreign Trade Financing Corporation so that the necessary machinery can be provided for extension of long credits. Every citizen in the United States is directly interested in this whole matter. The extension of liberal credits at this time is like pouring water into a pump to prime it; we will get our water back again and lots more to follow, but first of all it is necessary to prime the pump.

ONE of the things that visitors talk about when they come into the office is the effect of the business depression on projects for the betterment of industrial relations. Are they, as one man has said, nothing but "fair weather devices" or can they stand the storm? An interesting point of view is that of Dorr E. Felt, president Felt & Tarrant Manufacturing Co., Chicago, who has given much thought to the thing and who in commenting on "Joint Councils of Industry" (described in a recent issue of THE NATION'S BUSINESS) writes:

In the spring of 1919, with the assistance of the Minister of Labor for Great Britain, it was my privilege to investigate numerous industries which had practiced systems similar to joint councils for years. In most cases such schemes had proved failures, and it seemed to me that those which appeared to be successful were conducted by proprietors who would make a success of any scheme, because of their superior capacity for production and distribution, and natural talent for handling men.

As in the case of Profit Sharing, these schemes usually seem to work very well for a short time, but eventually lead not only to more friction between employer and employee, but to much discord between different classes of employees in the same concern. Often the plan goes along swimmingly until hard times come and then each class, exaggerating what it contributes to the success of the concern, becomes dissatisfied. The molders claim the machinists get too much; the factory workmen contend that the salesmen put up at too expensive hotels, and do not send in orders, while the salesmen contend that they cannot get orders because the factory produces inferior goods at too high a cost, and so it goes. "Shop politicians" get onto the committee, and having little at stake, stir up trouble to emphasize their own importance.

Under the stress of war such schemes are perhaps excusable as temporary palliatives, but I believe that, in the long run, the concern which follows along the old system which has been evolved by centuries of industry, will succeed better than the concerns which try these so-called "forward movements."

DR. CHARLES W. ELIOT'S article on "Protection Against Ignorance," in our February number, attracted nation-wide attention and resulted in the distribution of thousands of reprints, for which special requests were made. It is impossible here to quote at length from the letters received from business men and educators, but a notion of the interest may be gained from reference to a few of them.

E. H. Lindley, chancellor of the University of Kansas, says that Dr. Eliot's article "is so significant and stimulating that we propose to make use of it in our educational campaign in Kansas," and C. G. Persons, superintendent of schools in Taunton, Mass., observes that "when civic bodies get behind public education many of the present defects can be remedied."

Dr. Harry Pratt Judson, president of the University of Chicago, writing at some length in regard to the article, says that in the main he concurs with Dr. Eliot's views, but that they cannot be carried out without a large body of highly trained teachers. "The heavy burden of taxation, on the other hand, makes

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it difficult to add materially to appropriations on behalf of states or municipalities. There is opportunity, it seems to me, to make sure that we are on the right track in all respects. We seem—to me—to be coming to a point where the public cannot bear the enormously inflated costs of what governments are doing."

Dr. Ray Lyman Wilbur, president of Stanford University, says "Amen" to Dr. Eliot's suggestions. "If we had enough wisdom to follow," he writes, "and to take his hints, we would make more progress in the next ten years than we ordinarily would make in a hundred."

Augustus O. Thomas, superintendent of public schools in Maine, says that he thinks "the good President Emeritus Eliot has just recently discovered a continent which explorers discovered almost a generation ago," and F. E. Furst, president of the Furst-McNess Company, manufacturing pharmacists in Freeport, Ill., says that he is "unable to see where Dr. Eliot's article contributes anything of much practical value other than to emphasize again the importance of the subject of education."

J. B. POWELL, editor of *Millard's Review* of the Far East and honorary secretary of the American Chamber of Commerce in Shanghai, dropped into the office the other day with a moving story of how automobiles—American automobiles—are stimulating the Chinese in road-building. Mr. Powell didn't put it that way. He set forth merely an unvarnished tale; but to hang it onto the automobile is, we take it, "constructive" in the editorial sense.

The story begins at Nantungchow, which is eighty miles by river steamer from Shanghai and eight miles overland along one of those trails for which China is famed—or ill-famed, according to the character of the road.

Mr. Powell says:

Two years ago, in spite of the isolation of Nantungchow, I found three automobiles of American make there. One was a Ford, on which a village carpenter had superimposed a capacious body; one was a Regal of the vintage of 1912; and the other was a nameless nondescript, of which nothing much can be said save that it had Yankee parts.

Today there are sixty miles of the finest roads in China in and around Nantungchow. Soldiers built them, and they cost the Chinese people not an extra penny. It is a good way to keep the Chinese soldier busy.

There are sixty automobiles—all American—in Nantungchow now.

**LOOKING** forward to the next number: There is going on in Germany a most interesting economic experiment in the consolidation of business, not only in horizontal but in vertical trusts. We shall have, from a man who has spent much time in Germany and who has been in close touch with government and business there, an article outlining this new movement.

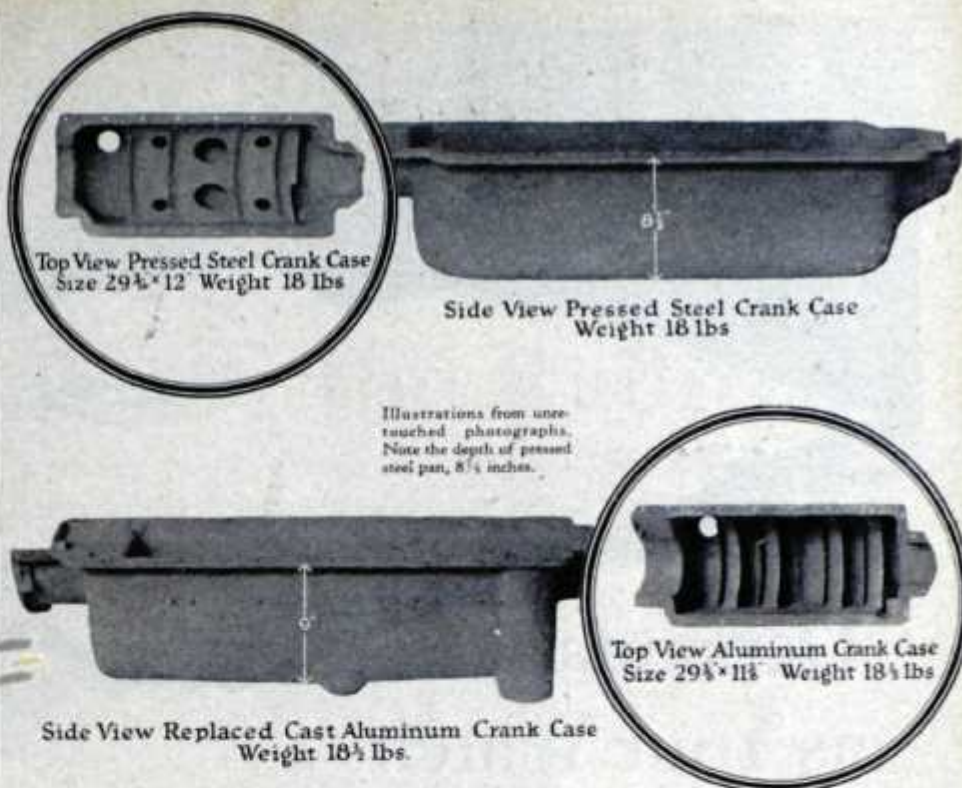
The Comptroller of the Treasury, Judge Warwick, has promised us a Government view of the need of a budget system.

We shall have a last-minute article by George E. Roberts on the business situation and the outlook.

Harrison E. Howe, of the National Research Council, has written for us an article on "The Conquest of the Impossible." It is a graphic account of the lines along which science is working for the remaking of industry—a story of the problems as yet unsolved.

And many other good things in the making.

*M.T.*



Illustrations from untouched photographs. Note the depth of pressed steel pan, 8 1/2 inches.

## "Press It from Steel Instead"

—And Save Three Ways

**THIS** pressed steel crank case made a three-way saving—it gave a truck manufacturer a *stronger* pan, a *lighter* pan, and above all, a *much less costly* pan!

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Conversion of materials—first from cast iron to aluminum, later to pressed steel—has actually made the motor

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Send us a blue-print of some part you think might be re-developed. Better still, send us a sample. Our Engineering Department "C" will tell you, without obligation, *where* or *whether* we can save you weight, add strength or cut your costs. Address Dept. C, please.

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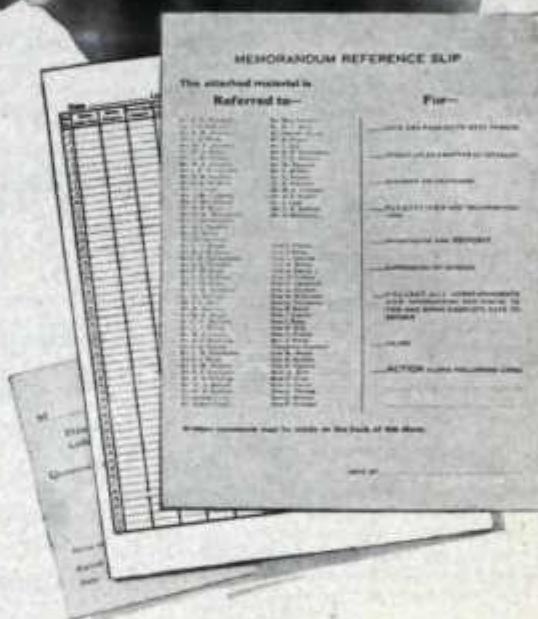
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# THE NATION'S BUSINESS

A Magazine for Business Men

VOLUME 9, NUMBER 4

APRIL, 1921

## Law Enough for the Railroads

It isn't more legislation that the carriers need; present operating costs are too high and both Congress and the public are interested in knowing the reason

By SENATOR ALBERT B. CUMMINS

*Joint author of the Esch-Cummins Act*

THE RAILROADS were returned to their owners for operation and management on the first day of March, 1920. A year has gone by and this seems to be an appropriate time to consider the results of the twelve months' experience through which we have passed.

We have accurate information concerning ten of these twelve months, but inasmuch as the reports for January and February, 1921, have not yet been made we have only the general knowledge open to every observer respecting this period. It will, I think, be acknowledged by every candid mind that the outcome is disappointing and somewhat discouraging. Notwithstanding the increase of something like 35 per cent in railroad rates which became effective about the first of last September, the railroads, as a whole, show a very small net operating income, while many of them have not earned the cost of maintenance and operation.

There seems to be a widespread misapprehension with regard to the causes for this lamentable result; or if not misapprehension at least a failure to understand a situation which threatens the solvency of many of the best railways of the country. I find among those who have given some study to the prevailing conditions radical differences of opinion, both as to the cause and the remedy. This conflict of opinion arises, in my judgment, from a misunderstanding of the facts which have transpired in the last year, and it seems to me that there ought to be an immediate inquiry, attended with the utmost publicity, into the operation and management of the railroads since they were returned to their owners. With this in view, I intend at the opening of the next session of Congress to submit to the Senate a resolution proposing the broadest sort of investigation into the subject I have mentioned. The people want to know, and ought to know, just what has happened during the past year; why existing railroad rates have not accomplished the



Twelve months after Government operation ceased, the American railroads have made a record that is very favorable to private management. But Senator Cummins points out that they still have problems of high operating costs to solve

purpose of the act which returned the roads to their owners; and especially why the cost of maintenance and operation has not been reduced.

It is obvious that rates should not be increased; if for no other reason than that another general advance in rates would probably diminish rather than enlarge the net railway income. There are, therefore, but two ways in which the net income can be advanced:

First, by an increase in the volume of traffic without a corresponding increase in the cost

of maintenance and operation. Second, by a reduction in the cost of maintenance and operation.

It is not my purpose in this analysis to prejudice the result of the inquiry I have suggested, for it ought to be made with open minds and for the sole purpose of disclosing the truth; but there are some things which appear in the reports which have been made by the railroads which may not be generally known and which furnish the reasons for the inquiry itself.

In considering the statistics, which I am about to present, it must be remembered that they do not embrace, and have no reference to, expenditures for construction or equipment chargeable to capital account. Under the system of railway reporting required by the Interstate Commerce Commission the net railway operating income of any given railroad is the amount which remains after payment of the cost of maintenance, operation, and taxes, with the proper adjustment of equipment and joint facility rents. In other words, it is the amount which the railroad company may use for the payment of interest upon its obligations, dividends upon its capital stock, for adding to its surplus, or investment in any lawful way as capital is invested.

It is generally believed that during the latter part of the year 1920 the volume of traffic was materially less than for corresponding periods in former years, and, if this be true, it would tend to explain the decrease in net operating income, for the cost of maintenance and operation does not diminish in the exact proportion of a lessening traffic.

The aggregate net ton-miles carried from March 1, 1920, to December 31, 1920, was 381,482,259,000. For the same period in 1919, the aggregate was 340,425,083,000. It is, I assume, understood by everybody that the phrase "net ton-miles" means the number of tons of freight carried one mile. The number of passenger-miles during the same



time in 1920 was 39,959,099,000, while for 1919 it was 39,528,264,000. Measured by this standard the volume of traffic upon all the railroads of the country was greater in 1920 than in 1919. In round numbers, figures for the entire year 1918 are 360,000,000,000 and for 1917, 350,000,000,000 with passenger-miles for those two years 35,000,000,000 and 34,000,000,000, respectively.

Toward the latter part of the year, and continuing up to this time, there was and still is a remarkable decrease in the number of cars of revenue freight loaded. The reports for January of this year are not compiled, and the reports for February have not been made, but I have advance information upon one point, namely; the number of cars of revenue freight loaded. The following table discloses that information and the comparison with 1920:

CARS OF REVENUE FREIGHT LOADED.

	1920	1921
January 1	745,446	598,905
" 8	830,673	706,413
" 15	840,554	709,888
" 22	804,866	703,115
" 29	803,332	699,936
February 5	762,680	696,997
" 12	786,633	681,627
" 19	772,102	695,506

Another indication of a condition which began in November, 1920, and which has progressed steadily up to the present time, is a surplus of freight cars; that is to say, the number of cars for which there is no present use. On December 31, 1920, the number of such cars was 204,608. The number rose during January 1921, and at the close of that month was 324,186; and the last report, on February 14, 1921, the number was 290,550.

These statistics very clearly show that while the volume of traffic for the last ten months of 1920, taken as a whole, was greater than during the same period in 1919, or indeed, at any former similar period, yet, beginning as early as November and proceeding rapidly to the present moment, there has been a tremendous diminution in traffic. These statistics accord with our observation

with respect to the decline in business during the latter part of 1920 and the early part of 1921.

I direct attention now to the operating revenues and operating expenses from March 1, 1920, to December 31, 1920. The operating revenues of all class I roads amounted to \$5,299,654,454. Operating expenses, including taxes and the adjustment of equipment and joint facility rents, amounted to \$5,289,348,937, leaving a net operating income for these ten months of \$10,305,517, and if we assume that the remaining two months of the year from March 1, 1920, to March 1, 1921, show no better results, then, for the whole period, the net operating income will amount to no more than one-fifteenth of one per cent of the value of the railroads as estimated by the Interstate Commerce Commission.

It is interesting and instructive to know that the net operating income for March, 1920, was \$14,320,571. In April there was a net deficit of \$29,604,417; in May, of \$13,455,871; in June, of \$16,284,900; in July, of \$10,427,989; and in August, of \$155,227,617. The great deficit of August is probably accounted for by the back compensation ordered paid to the employees by the Railroad Labor Board in July.

In September, that being the first month under the increased rates which were established by the Interstate Commerce Commission, there was a net operating income of \$75,310,311; in October a net operating income of \$86,455,487; in November, of \$54,343,793; and in December, of \$10,225,583. The decreasing net income in November and December seems coincident with the decreasing volume of traffic which began in November and which is still in progress.

It may be helpful to institute a comparison here and there. For January, 1915, considering only Class I roads, railway operating expenses were \$163,654,452. In December, 1915, these expenses were \$184,510,067; in January, 1916, \$183,702,959, and in December of that year, \$209,615,966; in January, 1917, \$215,496,356, and in December of that year, \$251,302,146; in January, 1918, \$271,521,592, and in December of that year, \$396,468,865;

in January, 1919, \$360,465,815, and in December of that year, \$414,615,756.

The expenses I have just given do not include taxes or the adjustment of equipment and joint facility rents. In March, 1920, these expenses had risen to \$421,713,184; in July, to \$511,773,300; in August, to \$678,728,682; and in December, 1920, they had fallen to \$523,206,889.

I pause to comment on these figures. There is but one conclusion which it is possible to draw from them. It is this:

Railroad operating expenses, that is to say the expenses of maintenance and operation, are too high. Giving all the weight which can be given to the diminished traffic it will not account for the negligible net income which the year will show. Neither will it suffice to say that critical comparison of the railway performance for the year just closing, with the railway performance under Federal control, is exceedingly favorable to private management. That comparison, however satisfactory to those who believe in private ownership under public control, does not solve the problem, and I repeat that there is but one conclusion to be deduced.

Obviously it is that it is costing the railroads too much to earn the money which they are earning. This may be due, of course, to mismanagement, or to inefficiency, or it may be due to the excessive cost of material and supplies, or to unreasonable compensation paid to those, from president down, whose labor operates these roads.

If the railways are to survive and render the service which the people of the country must have, the question I have proposed must be answered. It must be answered speedily, wisely, and justly. It will be found, I think, that the answer does not lie in the main with additional legislation, but in the prompt and fair administration of existing law. However that may be, the people have a right to know all the facts and make up their own minds after an intelligent consideration of the entire subject.

To that end the investigation which I have suggested ought to be made, and so far as I can influence the matter it will be made.

# What North Dakota Discovered

It is the ancient truth that there is no legal patent medicine that will cure economic ills and that the functions of government do not include operation of business

By JAMES E. BOYLE

Professor of Rural Economy, Cornell University

STATE ownership of "big business," based on State credit, as exemplified in the Nonpartisan League's North Dakota experiment, is on the rocks. Conceived in the brain of a Socialist adventurer in 1915, the Nonpartisan League was born in 1916; it gained control of the State Government of North Dakota in 1919 and enacted a program of State ownership of certain industries; in 1920 the voters began to desert its ranks; early this year came the crisis. The story is brief but instructive. It is the old story of promoting by means of public credit business enterprises which are too unsound to attract private capital.

The Nonpartisan League as a political entity may continue to function. North Dakota has had her experience, and whether she is to continue the League's experiment in any

of its phases is a matter of grave doubt. When the legislature adjourned on March 5, amid scenes of bitterness, disorder, and even fist fighting, the outcome was uncertain. The house was anti-league; the senate pro-league.

No appropriation was made for the maintenance of the State bank, and this will greatly curtail its operations. It has now entered upon a private banking business. The State mill and elevator project is at a standstill unless State bonds can be marketed to finance it. An appropriation of \$10,000 a year was made for the State home builders' project, but this is inadequate. Reports from the scene are that the league's audit of the flour mill at Drake showed a loss for last year of more than \$17,000.

So violently was the fight waged against

A. C. Townley, president of the league, that a reaction in his favor is perceptible. The league is now trying to market its bonds through the American Federation of Labor and by direct sale to farmers. A recall petition is being circulated in North Dakota against the three members of the Industrial Commission, which constitutes the head and forefront of the State's industrial ownership and management. If the petition carries, it means the collapse of the league's program so far as that State is concerned.

So much for the situation at this writing. It may be clarified by setting forth what the nonpartisan scheme involved.

The league through its "kept press" of three dailies and fifty weeklies told the farmers of the Northwest, when once it was in the saddle, that the "demand of the people"





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Last year North Dakota produced 68,400,000 bushels of wheat of the 750,648,000 American crop. The crop controls the prosperity of the State. After risking their money and labor to

the dangers of weather and insects, the farmer is confronted with an imperfect system of marketing. What can be done to give him a better show is told farther on by Julius H. Barnes.

had been met, and that the "fight for the emancipation of the North Dakota farmers" was won. The league program included (1) State-owned flour mills and grain elevators, (2) State loans on farm lands, (3) State loans to "home builders," and finally, (4) a State bank to finance these State activities. Administrative power was centered in the hands of the governor and two other elective State officials—the secretary of state and the commissioners of agriculture and labor—the three being designated an Industrial Commission.

To launch this ambitious speculative experiment in big business, an immediate issue of State bonds was authorized, amounting to \$17,000,000. The promoters promised the farmers that the State industries would be self-sustaining—would indeed yield enormous profits (as "Big Biz" was always pictured as doing), and that no taxes would be needed to pay the bonds. However, the bonds were made direct obligations of the State, or in the language of the statute, "the faith and credit of the State of North Dakota is pledged for the payment thereof, both principal and interest." The bank bonds, so-called, were \$2,000,000 and were to be limited to that amount; the mill, elevator, and other "public utility" bonds (so-called) were \$5,000,000 and were limited to \$10,000,000; the real estate bonds were \$10,000,000 and no limit was set to their future issues. All these vast undertakings were put under the absolute control of three men, not one of whom had ever had any business experience or

training. And, moreover, they were under pressure to provide jobs for their friends, a pressure which they could not or did not resist.

How the scheme worked: It is difficult for any person not actually familiar with North Dakota conditions to learn the truth about these adventures in State credit. The league propaganda is literally backed by millions of dollars taken from the farmers in the form of annual dues, and in various subsidiary, revenue-producing schemes. The enemies of the league—and no one in the Northwest is neutral—have a powerful propaganda against the league. Hence the conflicting reports so common in the eastern papers. Certain facts may be cited, however, and they will speak for themselves.

Taxes. "Four years ago," wrote, last fall, the attorney general of North Dakota (who was elected by and for the league and has turned against it), "the State officers were elected upon the plea that the people wanted lower taxes, less of politics, and a more economical administration. As soon as Townley, Lemke, and Wood got control of the administration, instead of lower taxes, they doubled and trebled them. Instead of economies, extravagances abounded. . . . Not only are the laws so drawn that they can give out all the jobs they wish, but they can pay any salary they choose and there is the even greater political evil of promising men jobs before election and then being able to fulfil the promise."

Elevator and Flour Mills. The State

bought a small flour mill at Drake, in the center of the State, and put it in charge of a man who was not a miller. The books of this mill were not audited until an auditing board had been created by the initiated law of November 2 last. It is interesting to note in passing that at this same election four other initiated laws were passed, each curbing drastically the league's irresponsible power. The mill was losing money. Its claims of buying wheat at a higher price and selling flour at a lower price than prevailing market levels were untrue. It had large sales to the Consumers United Stores Company, a subsidiary corporation of the league, in which the farmers advanced all the capital and owned no stock. This flour was sold on credit. These accounts receivable are still largely uncollected. The league proceeded with plans to erect a modern 3,000-barrel flour mill and a 1,500,000-bushel elevator at Grand Forks. Ground was bought and the construction actually begun. Lack of funds, however, halted this project. The sale of the State bonds was held up for many months while certain taxpayers carried a lawsuit to the Supreme Court of the United States to test the legality of the bonds. The court finally sustained the legality of the bonds. This narrowed the issue of selling the bonds down to the question of the merits of the bonds as investments. This is really the rock on which the league finally split, as explained below.

The Bank Tangle. The original founder of the league was a Socialist noted as a



plunger in the use and misuse of credit. Indeed, he even went through bankruptcy proceedings—a thing which in no wise disqualified him (in the eyes of his followers) from founding a great system of State and local banking. His original scheme called for a central State bank and a string of 200 country banks, all dominated by himself. But the attorney general of the State blocked the scheme of having the league dominate the local banks of the State. For the league, it must be remembered, was and remained a one-man power.

The State Bank of North Dakota was opened for business in July, 1919. The \$2,000,000 capital was furnished by the State, in the form of State bonds. Under the law, all funds of the State and of all minor subdivisions of the State (cities, counties, school districts, etc.) were to be deposited in this central bank at Bismarck.

In the fall of 1920 came the failure of thirty-two country banks in North Dakota, due primarily to crop failure, and to general commercial depression.

### What Happened in November

THE voters at the November election adopted an initiated law restoring to local subdivisions of the State the right to deposit their funds in other banks than the State bank at Bismarck. In other words, they wanted to keep their money nearer home. This was a blow at the State bank, dealt by "the people," which staggered that institution nearly into liquidation. Some figures help make the significance of this step clear. The State bank had public deposits, in March 1920, of \$25,000,000. These deposits dwindled somewhat during the summer of 1920. By November 15, just after the election, they had fallen to eleven and one-half million; by December 15 to nine and a half million. By January 15, 1921, these deposits—which should have shown a big increase due to tax collections—showed a further slump to seven and three-quarter millions. The bank exercised autocratic power, at this juncture, and refused to pay out deposits to local government divisions, except at its own discretion. And being a State institution, it was not thereby thrown into insolvency. The Industrial Commission in charge of the State bank gave as their excuse for making their will the law, while flouting the initiated law, that "the people had been deceived" when they curtailed the power of the State bank.

Troubles thickened. An audit of the bank (made only after eighteen months of operation and after an initiated mandate from the voters) disclosed certain serious matters, from the standpoint of sound commercial banking. The audit, as of December 3, 1920, revealed that the Bank of North Dakota had loaned \$1,135,000 to the Industrial Commission to finance the mill and elevator project and the home-building project. The bank had invested \$2,906,069 in farm loans running for a period of thirty years. It had on deposit in thirty-two closed banks the sum of \$539,879.18, and loans and other claims on these banks amounting to \$369,950.09—or a total liability from suspended banks of \$909,829.27.

The bank had deposited with the Scandinavian American Bank of Fargo \$444,127.46. This bank was closed February 14, increasing the number of closed banks to thirty-three. The Scandinavian bank had been closed the year before on certain criminal charges, but they had been promptly reopened upon the order of the league-elected State Supreme Court.

The State bank had \$93,534.31 in loans and deposits in the closed bank at Donnybrook—

a bank with a combined capital and surplus of \$33,400. It had \$79,242.82 in a closed bank at Beach. And so on with many small country banks. About one-fifth of the bank's total advances and deposits in the local banks was in less than one-eighteenth of all the banks that were doing business with it.

The bank found itself unable to conduct sound commercial banking, therefore, with such heavy funds tied up in long-time investments, heavy deposits in closed banks, and extension of credit to non-paying State industries. The guarantee of bank deposits by the State promises relief only to the extent of \$260,000 a year from this fund, and this guarantee, moreover, does not cover losses due to loans to the failed banks or other form of advances.

The Bankers' Committee. To help tide over the financial stringency facing the whole State, a committee of independent bankers was formed, to work with the State bank and the State administration. This committee reported that the effort had failed to sell \$6,200,000 of State bonds in the eastern market (\$1,950,000 bank; \$3,000,000 farm mortgage; \$1,000,000 mill and elevator; \$250,000 home-building bonds). The bonds would not sell on their own merits. The prospective buyers of the bonds were unanimous in agreeing that the laws under which the Bank of North Dakota was organized were unwise, not conducive to sound banking and would at all times—unless materially amended—be a menace to the financial system of the State. It was further unanimously agreed that the present bad conditions would be, under these laws, repeated; that no proper safeguards were thrown about trust funds; that under existing laws such funds could and would be (as they had now been) transferred, loaned, or invested in enterprises where they would not be available when required. All the safeguards by previous laws thrown around sinking funds had been removed and no adequate substitute provided.

### An Unsound Feature

THE law concerning the sinking fund to retire these bond issues is indeed wholly and palpably inadequate. All funds constituting the so-called sinking fund must, according to the law, be deposited in the State bank. And the State bank, under the same law, "may transfer funds (without limit) to other departments, institutions, utilities, industries, enterprises, or other business projects of the State." The bank did in fact do this very thing to such an extent as to weaken the entire financial structure of the State. The separate laws which deal with the bond issues for the respective enterprises contain the identical paragraph concerning the sinking fund, namely, "Nothing in this act shall be construed to prevent the purchase of any said bonds, with any funds in the Bank of North Dakota." Also this further clause is found in all of said laws: "Nothing in this act shall be construed as preventing the State treasurer from depositing said funds in the Bank of North Dakota, as provided by law with respect to all public funds."

In other words, the State bank could buy the mill and elevator bonds (\$10,000,000) with the sinking fund; or buy real estate loan bonds without any limit whatever.

By reason of this unsound feature of the law, the State bonds could not be sold through the regular channels which long years of practical experience had created.

The bankers' committee proposed to the Industrial Commission a program of action in the nature of a working compromise. The proposal was to meet the prospective bond buyers' requirements, first, by enacting new

legislation putting some limit on the amount of bonds to be issued for this "industrial program," and, secondly, by enacting such laws as would protect the sinking funds. These measures, the bankers felt, were indispensable for the protection of the ultimate buyers of these bonds. The bankers looked on this proposal as a straightforward business proposition. It was rejected by the Industrial Commission in severe and lofty tones, as an impertinent piece of "dictation to a sovereign State" by certain "Wall Street" interests. "The bonds of North Dakota," continued the commission, "can and will be sold without a surrender or compromise of this nature." Thus came a deadlock between the bankers of North Dakota and the Industrial Commission—the commission assuming full responsibility for the critical financial situation which confronted the Bank of North Dakota when the legislature convened in January.

### Killing a Strike by Kindness

IT HAPPENED in Oklahoma City, where a fight was on for the open shop. One method resorted to by the unions was to picket the places of business of the members of the Chamber of Commerce which stuck to the "American plan" of employment.

One of the victims was the Witt Clothing Company. Before its store appeared sandwich men bearing such signs as this:

"This store was built and made rich by Union Labor. They now believe in the Open Shop and the Sweat Shop."

The advertising manager decided the opportunity was too good to be lost and the next day his daily advertisement was devoted two-thirds to an announcement of price reductions and one-third to an invitation to the public to stroll by and "see our three handsome pickets."

Then he turned serious for a paragraph: "—and this is the cause of it all:

"We believe that the non-union man should be given the opportunity to work on the same job as the union man. Of course we know there are many, very many, new-fashioned ways of doing things, but nobody as yet has improved upon the open-heart, the open-shop and the open-hand way of dealing with mankind in order to achieve best results."

The invitation was accepted. Folks came to see and some remained to buy.

"Lick 'em with kindness" was the order that went out to the store's employees. Came a cold, rainy day and one of the salesmen noticed that a picket was shivering outside. He took from stock a heavy raincoat, slipped out and gave it to the man. The coat was worn until the storm was over and worn outside the sign that denounced the store as unfair.

Another advertisement, headed like the other by a cut of three fence pickets, answered in the same good-natured way, a charge that the store hours were unfair to its workers. The announcement admitted keeping open until 9 o'clock on Saturday night and told the reason—a good one. Many men got paid late on Saturday afternoon and had no other shopping time than early on Saturday evening. The men who worked in the store got paid for the overtime. The advertisement ended:

"So, Mr. Picket, if you don't get paid for your overtime let us know and we will see what we can do for you along this line."

The strike didn't last long. On a Monday morning about a week after it started one of the pickets dropped into the store.

"We're through," said he, "you've jollied us out of it."



# A Straighter Road to Market

A national marketing commission could better, without tearing down, our present system, and give the wheat grower what he now lacks, wide and free competition

By JULIUS H. BARNES

*Former United States Wheat Director*

IT IS WELL to recognize at the outset that the American farmer feels, somewhat confusedly to be sure, that he has not a proper freedom of selection as to price, time, and manner of marketing the products of his farm. Ages old and perfectly human is the feeling of the seller that the price offered necessarily retains for the buyer the possibility of a profit, and, therefore, has taken from the seller a measure of the full price that should be paid.

A more intelligent study of the economics of marketing is gradually eliminating this feeling by demonstrating that fair trade may be of advantage to both buyer and seller, and that it does not necessarily follow that the interest of the buyer runs always counter to that of a seller. It is true, also, that a necessitous seller is not possessed of perfect freedom of action in marketing. Out of this sound assumption has grown the grower demand for special financial consideration, for special storage facilities, for legislative protection, thus eliminating the pressure of necessity upon the seller of farm products. In some quarters this has extended even further, and to the suggestion of a combination of sellers that, by withholding their products, shall place the pressure of necessity upon the buyer instead, and thus enable this combination of sellers to dictate the price to the necessitous buyer.

It is apparent at once that, since the great agricultural industry is the very basis of America's prosperity, every reasonable effort should be made to improve the position of the grower so that his individual judgment may be exercised in marketing. It is apparent also that the combination of any group, with private interests, is in the long run against the national interest, and cannot be encouraged. As a matter of fact, the first objective, if attained, will eliminate the latter evil. The American farmer is individualistic, by temperament and training, and given the fair opportunity to exercise his individual judgment will join no combination by which that judgment is pledged to concerted action controlled by others of his fellows.

## A Reason for Resentment

THE economic collapse, which carried down the price of farm products along with the general commodity decline this fall, brought a pressure that spelled distress, loss, and disaster to the producer. Not able to gauge the world-wide economic currents that created this deflation, his resentment has flared hot against the market places where the deflation price has been recorded.

During that period of deflation, the grain exchanges, daily and hourly, through a world-wide collapse in many commodities, furnished the trading place where at least there could be terminated on a moment's notice the liability which followed shrinking inventories. What would the dealer in leather, and wool,

"I GOT a baked apple and a spoonful of cream in a restaurant the other day and they charged me thirty-five cents," writes an angry farmer to his local paper. "I've got bushels of better apples than I can't sell at any price."

There's an elementary problem in distribution, and under a hundred different names the whole world is talking distribution and thinking distribution. Every man who cries "profiteer" is adding his unconscious little to the demand for better methods in, and a wider knowledge of, distribution.

For months our ears have been deafened with the cry "something ought to be done." Here's a man who says "This ought to be done," and when that man is Julius H. Barnes, once United States Wheat Director, and his suggestion goes to the heart of the farmer's biggest problem—that of distribution—he is well worth listening to.—THE EDITOR.

and textiles, and commodities of a thousand kinds, have given for such a market place; to be able to obtain a breathing space, at some sacrifice, instead of standing helplessly by and seeing the whole structure of values fall before his face without a chance to set a limit to the loss?

This demonstration in the possession of such a national protection and national asset in the grain marketing system has stimulated intensive study of the whole marketing structure. Could the same system of future hedging, of readiness of entering into and terminating contracts, be extended to other commodities that are susceptible of standardization, lending itself to future delivery contracts? Manufacturers and dealers in other staple commodities, suffering commercial wounds and exhaustion, study the grain marketing structure today with anxious eyes to see if in it there is a suggestion of a shield that will, in such future commercial disasters, ward off the blows from which they now suffer helplessly. On the other hand, the grower, whose direct contact is with that marketing structure, blames that structure for the price decline, overlooking the fact that any hour there was at least obtainable a widely quoted and easily ascertained price at which his product could be exchanged for cash.

The farmer grievance expresses itself in several ways. There is the section which would rush headlong into legislation as a corrective. Magnifying the defects and abuses that exist in every human structure, they would run the risk of destroying the whole delicate engine instead of studying patiently the correctives that can be applied without disaster.

There is another section that would, under the banner of cooperative associations, combine to delegate marketing to representatives selected by themselves, under the impression

that that marketing is forced now by the selfish policies of buyers whose interest runs counter to their own and that monopoly selling is the remedy.

There is the genuine cooperative impulse which believes an association of growers can secure and divide among themselves the trade tolls which are now assessed against their products by manufacturers and dealers.

As almost always, the truth lies not wholly with any one opinion and the remedy lies not wholly with any one course. But there is one analysis that can be applied with safety and advantage in gauging the value of any suggested course. This rests on the fact that free competition, readily established and adequately maintained, is a greater safety in preserving individual rights than is the judgment of any human authority or tribunal. If we can by test ascertain that competition is present, free of the influence of combination, free of dominance by any selfish interest, then we may be measurably sure that substantial justice is being commercially administered.

For instance, applying this principle to the grain producer, one is compelled, in justice, to admit that at certain stages in the grain marketing movement the grower does not have the benefit of wide and free competition. It is not freedom of opportunity when the country grower must haul his grain to a country elevator, with a single buyer at a shipping station, and accept, without appeal, the judgment of that buyer as to grade, and quality, and price. There is here little competition except that very indirect competition of buyers at other stations some miles away.

## The Counsel of Economy

ECONOMY of farm operation demands that the hauling of grain should be done when other farm work interferes least. The development of individual self-reliance and the exercise of individual self-judgment demand that, with this economy of haulage, the individual grower should be allowed, if desired, to refuse the offered price, and, placing his grain in commercial storage for ready marketing, await the opportunity which his individual judgment approves. He should not be compelled to forego hauling and storage simply because he cannot agree with the local buyer on terms of immediate sale.

This situation, with its color of local monopoly, local lack of competition, covers the great majority of the grain areas. It is a constant irritation to the grower, a constant challenge to his exercise of his individual judgment. The correction proposed by the cooperative movement is to place a larger economic burden on the marketing processes by duplicating many of these storage facilities. A real danger of this is shown by a study of the grain capacity of the country, indicated by the exact records of the Grain Corporation, as follows:



Country elevators.....	521,000,000 bushels
Mill elevators.....	150,000,000 bushels
Terminal elevators.....	262,000,000 bushels
Total.....	933,000,000 bushels

In connection with these figures of total grain storage in the country already in existence, it is interesting to note that at the highest point of grain in storage at any one time, as shown by the exact three-year records of the Grain Corporation, there were 480,000,000 bushels, of all grains, in storage.

It is greatly desirable that the marketing tolls be not burdened with the maintenance of duplicated storage facilities of this country, and that, instead, a better utilization of the existing storage be worked out.

I have no hesitation in saying that there can be evolved, probably entirely by voluntary agreement with the owners of these facilities, such an improvement and extension of their service that it can be made to do these things:

1. Furnish adequate grain storage to growers desiring to move their grain from the farm into marketing position.
2. Give that grower adequately secured negotiable evidence of the grain available for instant marketing at any time thereafter in his judgment.
3. Provide the grower with adequate borrowing power of a wider character than his local banker, because of the existence of this negotiable evidence.
4. Automatically set up the competitive buyers, thus carrying assurance, free of the local buyer's present monopoly, of a price fairly related to the terminal markets.
5. Furnish a ready appeal, without expense, from the single judgment of the local buyer, regarding the grade and quality of his product.

These conditions seem to me to be so attainable and so effectively to reinstate the individualism of the grower, with a sense of fair play toward him, that I have ventured to urge the creation of a National Marketing Commission, to make these changes effective and to consider the extension of those and similar remedies into other marketings than grain.

Let me explain why I believe they can be readily achieved, preferably by negotiation of such a marketing commission with the affected trades, resorting to legal regulation and control only as a last resort.

As to No. 1. Giving the country elevator the right to ship along to the natural terminal and to deliver the country elevator's outstanding storage tickets by grain in that terminal, plus freight and proper charges, would automatically expand the storage elevator capacity of the country far beyond its actual contents. Country elevators in the Northwest already have this practice, and it is a great aid to farm economy.

As to No. 2. By setting up the insurance of responsible liability companies the outstanding country elevator storage ticket is made safe beyond the resources of the small local dealer. Insurance in this form is already a practice in respect to terminal elevator receipts at many of the central markets.

As to No. 3. The fact that this country storage ticket is thus secured, automatically widens its borrowing power to other banks.

As to No. 4. The security of these country elevator tickets, with their evidence as to quantity and quality of grain, would attract independent buyers who would enter the market for them. Their security while in other hands would enable them to pass freely

others like them, can be applied in the marketing of other farm products, particularly commodities such as cotton and wool.

It is important, in the interest of American fair play, that the usefulness of the distinctive American marketing system be perfected, step by step, as remedies are found to be practicable and effective. It is desirable that such remedies be applied in the American way, by voluntary agreement and cooperation, rather than by restrictive and rigid legislation.

There has been developed the evidence that men of character and experience in the various trades would devote their services in the perfection of processes in the national interest. Of men of such character and for such a service, a National Marketing Commission should be established, to study defects, remedies, and improvements in a marketing system that, beyond challenge, is the best in the world.

### Federal Incorporation

THE Chamber of Commerce of the United States has made public three principles adopted by its Board of Directors advocating federal incorporation of American companies doing business in China.

This matter was brought to the attention of the National Chamber by the American chambers of commerce in China, especially those at Shanghai and Tientsin. These chambers pointed out that every company, whether British, French, Japanese or American, that operates in China, does so under the laws of its own country. Unlike the companies of other countries, the American companies operate under state incorporation laws, as there is no means provided for them to obtain federal incorporation. American business, it is contended, is placed at a disadvantage in operating under state laws.

Chinese business men are said to look askance at proposals to put their money in American companies formed under laws of the various States, regarding which they have little or no information. It is further explained that credits

are hard to arrange with foreign banks unacquainted with the intricacies of the corporate laws of the States.

Exemption of American companies from income and excess profits taxes was also asked on the grounds that the success of their enterprises and the chance of attracting Chinese capital into them are interfered with by the requirement of payment of income and excess profits taxes to the United States Government, whereas British and other competing companies locally incorporated are exempt from such payments. Payment of income and excess profits taxes prevent American companies, it is claimed, from accumulating needed surpluses to carry them through lean years. The British idea is described as recognizing that the risks of trade in the Orient are such that the average merchant cannot operate along the lines obtaining in Great Britain and the Dominions, where business conditions are more settled.



The country's storage capacity is 933,000,000 bushels, of which more than half is country elevators. Over a three-year period the greatest amount of all grains in storage at one time was 480,000,000 bushels. Some cooperative plans would further burden the marketing process by duplicating storage facilities that already exist.

from one buyer to another, until the grain covered by them is ordered shipped to the final market.

As to No. 5. A widening of service by the Federal supervisors of grades, providing for appeal by letter and on a mailed sample, in case of dispute, and the agreement of the elevator operator to accept the decision of an impartial referee, would eliminate most of the feeling of prejudice now nursed by the grower. The Grain Corporation did this by contract with 20,000 dealers during its last year, and out of 5,000,000 wagonloads of wheat marketed, its various zone offices across the United States had to consider less than 500 such appeals. That record carries a presumption of almost uniformly fair practices by the country dealer, and it is only the feeling of helplessness that makes the present grower resentment.

It is quite probable that careful consideration will find that these same remedies, or



# "Direct Action" for Employers

In getting back to a man-to-man basis the big boss is in need of education as much as the worker, and as a usual thing he is harder to teach

By C. E. KNOEPPPEL

*President C. E. Knoepffel and Company, Incorporated*

**N**EITHER capital nor labor will play the star part in the industrial reconstruction now under way. Investors and associations of employers and associations of workmen will be cast in minor rôles. Management will be in the limelight, will be the industrial coordinator. The industrial engineer, who forms the point of contact between labor and capital, will have the stellar honors.

I have been a day laborer, and am now in the councils of managements. Working with each side has given me an experience and an insight which I regard as priceless. I carried iron at the front end of a bull ladle as a laborer and then at the rear end as a moulder. I have broken pigiron over a "V" block; I have helped "pour off" in the very heat of Hades; I have worked in a damp sand heap on a frosty morning and gone home that night in clothes soaking wet; I have stood in line for my pay envelope. I wish every employer could be a laborer for a time, every laborer an employer. Then each of them would see both sides of the production problem, and there would be no industrial "unrest."

## The Workers' Fear

**T**O THE employer, the manufacturer, the mill-owner, production on an efficient basis presents itself as the problem; to the workman there is ever present the fear of overproduction. That fear would be less a factor if we studied the matter and presented it intelligently. We cannot overproduce when the world is hungry for the output of industry. The thing to be feared is underconsumption. We must get across a new understanding to everybody concerned, down to—or up to—the last workers: an understanding that production is wealth, and that the wealth of this country is not money but *stored labor*, production in excess of what is needed. Failure to appreciate that fact results in the industrial double cross. The worker tries to get as much as possible for as little production as may be, and the employer tries to get as much production as possible for as little money as may be. One tries to do as little as possible, the other to give as little as possible, and both want to get as much as possible. Each plays the great American game of "passing the buck." Thus we have waste of energy, time, material, equipment, money. The consumer pays the bill.

The cynic may say that when the workman gives as little as possible for as much as possible, he is merely emulating the employer's business methods. This attitude is cheap and insincere. It does the workman, moreover, a grave injustice. It is more nearly true to say that with the growth of our vast sprawling factories multitudes have become engaged in minute contributions to the finished article, so that the craftsman spirit has vanished. In the old days one man made a carriage or a wagon, and found a deep personal pride and satisfaction in the product. Today the worker stands at an engine lathe turning double-throw cranks, with no vision of the finished limousine or truck. He receives so

much per hour as a "hand," and he is more interested, naturally, in the pay than in the product. Is it any wonder that the employer, examining his records, finds that this machine is being operated at only 53 per cent efficiency, and that to maintain a force of 600 men 2,000 are employed in a single year?

These things call for the services of the industrial engineer. He has found that a man making sixteen pieces an hour can turn out twenty-three pieces when 16 per cent of rest is permitted. He has found that when he told men about the processes preceding and following their immediate part of the work, they saw it as a whole, and thereafter took a new interest in it. He has found that work could be made to stimulate the worker instead of enervating him.

Wherever far-sighted executives have widened the vision of their workmen by explaining the relation of their work to the whole plant, a better and more nearly normal relation has followed. Department store managers have brought an increase in sales by calling classes of their salespeople to hear how certain raw materials have gone through certain processes before becoming the finished product in their hands. Thus the indifference of the mediocre shoe clerk, for instance, has been transferred into an active desire to give the customer reasons for buying a particular shoe. In a furniture store downright enthusiasm has been instilled into salesmen after they learned the "points" of period furniture and knew the background of Chippendale and Heppelwhite. In the paper industry putting quality and quantity performances graphically before workmen, has stimulated their creative instinct and induced cooperation. So in manufacturing plants it has paid to educate the foreman about the nature and peculiarities of materials, the chemical and mechanical processes employed, the means by which manufacture adds value.

If the worker needs this education, it is no less true that the employer needs it; and the startling difficulty is that he is less ready to learn. In his case, as a rule, it must be self-education, and he is likely to think he is past that stage. Let us agree to give a new meaning to that disagreeable bogey "direct action." Let us have direct action by the employer and the manager—direct action in getting right down to the man himself, by taking into account his mental and physical well-being, and by learning whether he is best suited to the work he happens to be doing.

I was in the office not long since of the president of one of the biggest industries in Detroit. There I saw an example of the kind of direct action I mean. In this particular industry there has been a lot of labor trouble, and the company in question has escaped it. I asked the president why this was so.

"That door," he said, pointing to the entrance to his office, "is always open. The men can come to me. I can go to them."

There is a big pottery plant out in Illinois where the president, as he walks through the plant, asks one man how his garden is

coming along, and another how his sick mother is, and another whether his boy is getting good grades at school.

But these instances, after all, are mere examples of technique. Managers of some plants might not be able to use them successfully. The human equation is an important and not always calculable factor. It may be necessary to apply executive "direct action" in some other way than through personal contact. Too much is said, in the discussion of industrial engineering, about the specific instance. What is effective in one plant may fail ignominiously in another. The technique may vary as widely as between an etching and an oil painting. This is but a detail to be worked out by the expert. The vital thing is the principle back of the expert.

## Basic Obligations

**I**N ALL the negotiations between labor and capital there are certain basic obligations to the public which labor and capital are too often likely to forget. Industry, if it is to justify itself, must render service not only to the investor, not only to the worker, but to the consumer. It must strike off the shackles of unnecessary costs due to idle buildings, idle machines, idle men, idle capital. Service, at a profit, must be the new order of things.

Bankers, and other financiers who are part or quasi-owners of so many enterprises, should be brought to a realization that greater security for investments will follow wider adoption of industrial conservation.

From the standpoint of strict personal advantage it may seem to the banker wise to approve loans to enterprises as large as are consistent with entire safety; but as a matter of industrial ethics it is questionable whether the interest paid on funds not actually in use in business does not represent an economic waste in just the same way as idle workers represent waste. In either case the fault lies on the shoulders of insufficient supervision, and all supervision unquestionably is a function of the industrial engineer.

Management, counseled by Industrial Engineers, must study industrial fallacies, analyze industrial wastes, determine responsibility for losses and inhibitions which restrict output, and then develop ways and means whereby capital and labor will do all in their power to bring about stability.

Although I realize fully that costly errors have been made and are being made by both labor and capital, I submit that the avoidable wastes, due to ill-directed and untrained management, are far costlier. Not only can these wastes be considered in terms of dollars and cents but they can be calculated in terms of human energy, which has potential possibilities far beyond any sordid consideration. Through efficient management we must uncover and minimize waste. We must insist that labor bear the burden due to its faults, and that capital bear the burden due to it. Only thus can we hope for that fuller understanding which must be in the end the foundation stone of righteous industrial peace and stability.



# An Apostle of Common Sense

Something of the character and work of George E. Roberts, who has a genius for collecting facts and stating them so clearly that no false doctrine can stand before them

By JAMES B. MORROW

**W**HENEVER a subject comes into his mind, sits down and defiantly says: "Now, sir, dispose of me," George Evan Roberts replies: "It can be done, but I must first learn the facts." Whereupon, if the subject is worth it, an examination and a cross-examination ensue.

The frequency of the word "fact," heard and read, has caused it to lose both strength and repute. Yet no greater word exists. Nor more ancient. The earth itself is a fact. Adam was surrounded by facts. Noah's ark was filled with them.

Common as facts are, and necessary as they always have been and must be, they are so generally and habitually distorted and disputed that they must fight constantly with error, folly, dishonesty, and untruth.

If the writer of this article were to reduce George Evan Roberts into a single phrase, he would describe him as "a messenger of common sense"; because of his fidelity to facts, of his dependence on facts, of his talent to ascertain and his genius to state the facts so that they can be understood.

"Most quarrels among men and nations," said William Howard Taft, then Secretary of War, to the author of these lines, "are the result of misunderstandings." He had just returned from South America, Hawaii, the Philippines, and Rome (where had visited the Pope), and whither he had gone at the request of President Roosevelt as a tranquilizer.

For more than thirty years George E. Roberts has been a practitioner in the Taft court of philosophy and has practiced steadily, without deviation of principle, without loss of confidence in the judgment of the people when they know the truth.

Therefore, he now says to the employers of labor (see the January issue of *THE NATION'S BUSINESS*): "Face your men with the facts." Give them, that is, an insight and an outlook, a notion of the office, as well as the shop, so as to expose the hallucinations caused by imaginary figures, and the unsound doctrines invented by agitatorial leaders and doctors of philosophy.

This, however, must be said: Mr. Roberts has an ingrained fondness for facts, for finding them and knowing them when found, and the faculty of driving them, head-on, tandem fashion, graduated as to size and power, through moonshine and fraud.

"Tell me," said Don Quixote, addressing his faithful Sancho, "seest thou not yon



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From the expression of Mr. Roberts' face it would appear that the photographer had caught him just as some fool theory, disguised as a fact, had been called to his attention

knight coming toward us on a dapplegray steed, with a helmet of gold on his head?"

"What I see and perceive," answered Sancho, "is only a man on a gray ass like my own, with something on his head that glitters."

"Just so," exclaimed Don Quixote, "and that resplendent object is the helmet of Mambrino."

But it wasn't. The knight was a barber, his steed was a mule, and his helmet the brass receptacle that he used in his business.

No donkey, no vulgar basin, either in finance or social relations, has ever deceived George E. Roberts. To the sum of his common sense, accordingly, can be added

good eyesight. As an editor in Iowa, as a writer of political platforms, as Director of the Mint in Washington, and as a banker in Chicago and New York, he has shown the way of sensible thinking to his countrymen. And all along he has been a brilliant phrase-maker. "Shelter for the trusts," once daily used in all parts of the United States, were his words, as he chose and arranged them.

Had he been a farmer or a merchant, his propensity for obtaining the facts pertaining to movements, theories, and policies would have fixed and held him on safe ground, but, in all probability, he would have kept them to himself. Being an editor, he shared his facts and his conclusions with his locality, and later with the Nation itself. His early constituency was made up of agriculturists, in debt and out of debt, and of business men and professional men who dwelt among them. And swine on the hoof were down to two cents a pound, and fat cattle to three cents, while mortgages on farms were being foreclosed.

It was said then, as it was said later, that hard times would end, suddenly and surely, were the Government greatly to increase the volume of currency. Greenbackism became as virulent and prevalent in Iowa as it was in Ohio, where lived John Sherman; and Sherman, on January 1, 1879, as Secretary of the Treasury, had resumed specie payments, which act was causing the ruin of the Republic.

Arguments, pork at two cents, and cattle at three, were useless. George E. Roberts, age 22, one of the proprietors of the *Fort Dodge Messenger*, realized that they were useless. Here, then, began his systematic labor to learn the truth and proclaim it. He purchased the best books on finance in print, and became convinced that an unlimited issue of irredeemable paper money would make conditions worse instead of better.

It was in 1878, the year before John Sherman began to scuttle the ship of state by making every dollar worth a hundred cents in gold, that George E. Roberts purchased an interest in the *Messenger* with money lent to him by an uncle, who was a hardware merchant in Utica, N. Y.

His grandparents, immigrants from Wales, had settled in Utica, and there his father had learned the potters' trade. The father, removing to Iowa, sailed down the Atlantic Ocean, around the end of Florida, into the



Gulf of Mexico, and thence up the Mississippi River. George E. Roberts was born in 1857, at Colesburg, in the second county west of Dubuque, but was brought up at Fort Dodge, where his father had established a pottery for the manufacture of coarse earthenware.

At the age of sixteen George Roberts left the high school at Fort Dodge and went to work in the office of the *Messenger*, at the time a weekly newspaper. He learned the printers' trade, and was encouraged by his employer to try his hand at the writing of local news events. He was a tall, slender, black-haired, and dark-complexioned youth, and then, as always afterward, made friends and held them.

### He Started in at Twenty

WHEN he was twenty he bought a country weekly for \$450, selling it in six months for \$550. Then he went to Sioux City, where he was a reporter on the *Journal*. At the death of the active owner of the *Messenger*, he returned to Fort Dodge, took up the management of that property, and in time, with his brother, purchased the interests of his partners. The *Messenger* was turned into a daily newspaper in 1884.

Into the office of the *Messenger*, on errands of business, came men from the fields, the shops, and the stores, and George Roberts talked with them and learned what they were thinking about, and the difficulties over which they were troubled. Then he undertook, editorially, in simple terms, to put their minds to work in the right direction. He was not only plain, but interesting.

He seemed to understand, and did understand, the problems and mental processes of all classes. This knowledge he obtained by multiplying one community—his own, which he had studied—by a hundred other communities, and then by a thousand. So his usefulness and his wisdom spread, and while yet a young man he was chosen to be the official printer of Iowa, a lucrative office, which he held for three terms, and which "permitted me," he told the writer, "to pay my debts, and have something over."

By this time George E. Roberts was an established man. In his own town his counsel was sought by merchants, bankers, and farmers. At the State conventions of the Republican party he was asked to write the platform because of his earnestness and his genius in the use of comprehensible language, and the making of telling phrases.

Greenbackism had passed into the limbo of other rejected panaceas, and times had turned bad again. The minds of unsound thinkers now settled on silver, which, as a metal commodity, was selling all over the world for about fifty cents an ounce. Unlimited coinage of silver, as proposed in this country, would have marked it up, in the United States, to \$1.29 an ounce. All of the old arguments in behalf of paper were brought out in behalf of silver. To pork and beef, as dreadful examples, were added corn and cotton, wheat and mutton.

"One day," as Mr. Roberts related to the writer, "an intelligent farmer came to my office, and handed me a copy of 'Coin's Financial School,' a paper-covered book, written in 1894, by William Hope Harvey. The farmer had been to Chicago with a carload of cattle, and had bought the book on the train while coming home.

"If that book tells the truth," he said, "there has been a good deal of dishonest work done in this country. If the book doesn't tell the truth, it should be answered."

"The farmer was a sober-minded man," Mr. Roberts went on to say, "but I saw that the virus of free silver had got into his system. I started to read the book, but found it so ridiculous that I abandoned the task. Later my brother spoke of it, saying that it was being read throughout Iowa; that it was sold on every railroad, and that it was doing serious harm to common sense in all quarters. He urged me to read it, and write a reply.

"I wrote six chapters in six days, and took the manuscript to Chicago. A sound-money league was printing literature, and I called on the secretary. 'We have received dozens of replies to Coin's Financial School,' he said. 'All have been referred to a committee, and the best one will be accepted.'"

"I left the manuscript in the belief that it would be rejected. To my surprise, it was printed. The book sold very well, and I received a respectable sum of money in royalties. William McKinley was nominated for President the following year, and the Republican committee used the book as a campaign document."

Since 1896, then, George E. Roberts has been a national character. While in Chicago with his manuscript he made the acquaintance of Lyman T. Gage, president of the First National Bank. After Mr. Gage became Secretary of the Treasury he wished to have someone near him who could clearly and at length answer the large number of letters that came from all parts of the country containing inquiries about the silver question.

### To the Notice of McKinley

SO he spoke of Mr. Roberts to President McKinley. Years before Mr. Roberts prepared an article on the protective tariff, and the trend of prices, which, being copied by other newspapers, came to the notice of Mr. McKinley, and was used by him in some of his political speeches. He, therefore, remembered Mr. Roberts, and, at the request of Secretary Gage, appointed him Director of the Mint.

The required labors of the Director of the Mint are not burdensome, and he has a staff of experienced assistants. He supervises the coining of metal into money, and the operation of the assay offices. In the meantime he is supposed to keep a watchful eye on the stocks of gold in the world. He has plenty of leisure, accordingly, to cut a figure in society, play golf, or go fishing. The public rarely hears of the Director of the Mint.

But it heard of George E. Roberts—heard of him through his reports and observations on financial conditions at home and in foreign nations. Every fact of value to the financiers of the United States was learned and published. And when Mr. Roberts left the Mint after nine years of service he was elected president of one of the largest national banks in Chicago.

Indeed, his record as an official of the Government was so admirable that he was brought back to the Mint in 1910, and four years later was made assistant to the president of the National City Bank of New York, the largest banking institution in the United States. He is now one of the vice-presidents.

And as such is the writer of a monthly letter that has become famous in this and other countries for the facts it contains about business (which is bread and butter), and for the homely strength of its philosophy, and the wisdom of its conclusions. The letter fills from twelve to twenty pages, each eight

by ten inches in measurement, and is printed in clear type on good paper.

This is the common sense of the case," John Marshall, the great Chief Justice, was wont to say in delivering a decision. Mr. Roberts could print that sentence in red ink at the bottom of each of his published letters. Facts with him are never extemporaneous. They are found and proved before they are stated.

If an expert, trained at universities in the United States and foreign lands, as has occurred, puts out a document based on financial events that never happened, or solemnly recommends a remedy for an evil that is non-existent, Mr. Roberts will spend six weeks in preparing to show that the expert is not only wrong, but ridiculous.

Economic law, which is as unchangeable as the law of nature, is set forth so lucidly that no man who can read need be misled. "The employers and employees of a given industry," says Mr. Roberts, "may agree harmoniously upon a given scale of wages, but if that scale involves an increase in the cost of the product to consumers, and consumption falls off, employment will fall off, and the total sum disbursed to wage-earners may be less than if the wage-rate were lower."

### A World View from His Office

HIGH-TEMPERATURE statements have filled the country concerning the closing of factories, many of which are now being reopened. In his office, among his books and papers, with reports coming to hand from every quarter, by mail, telegraph, and cable, Mr. Roberts would epitomize the situation, and, by his genius, express it in a sentence. "The primary reason," he wrote, "is that goods cannot be sold, and that the proprietor either has no confidence in the future market or lacks capital to pile up goods."

Mr. Roberts feels it his duty to recognize a movement while it is still a nebula, a patch of haze on the horizon of a coming event.

Back in 1901, before President McKinley made his Buffalo speech—his hint at recantation, some have called it—and before Albert B. Cummins was nominated the first time for Governor, George E. Roberts, at his desk in the Mint, wrote a tariff plank for the Republican party of Iowa.

"Conditions were changing," he told the author of this article, "and a high protection, when not needed, was no longer acceptable."

The plank, so widely misunderstood and distorted, recommended any modification of the tariff schedules then in force that might be necessary to prevent them from becoming "the shelter of monopoly." It was claimed, under the license taken by professional interpreters, that the plank, in spirit, at least, confessed that the Dingley law was in reality a sanctuary for trusts.

William B. Allison, then a Senator in Congress, and Jonathan P. Dolliver, then a member of the House of Representatives, read the plank in Washington. President McKinley did not see it; nor did Mr. Cummins, who was to be nominated for Governor. Mr. Roberts took it to Iowa. Following an old habit, the convention made him chairman of the committee on resolutions. The plank went into the platform, and was adopted by the delegates.

In this fashion was born what was later known as the "Iowa idea." The idea had been in the minds of the voters. It, however, was unexpressed. George E. Roberts gave it life in three little words that swept from New England to the West Coast.





### From the President's Inaugural Address—

**I** SPEAK for administrative efficiency, for lightened tax burdens, for sound commercial practices, for adequate credit facilities, for sympathetic concern for all agricultural problems, for the omission of unnecessary interference of Government with business, for an end to Government's experiment in business, and for more efficient business in Government administration. With all of this must attend a mindfulness of the human side of all activities, so that social, industrial, and economic justice will be squared with the purposes of a righteous people."

### Fill in the Blanks!

**E**VERY ——— engaged in commerce shall keep such records and statements of account, and make such reports or returns, verified under oath or otherwise, as the commission shall require, as will fully and correctly disclose all transactions involved in its business, and the true ownership of such business by stockholding or otherwise, in such form and at such times as the commission shall by order require.

The commission may, in its discretion, prescribe uniform systems of accounts and records and require the installation and use thereof by ———.

For the purpose of enforcing the provisions of this Act, or of any rule, regulation, or order issued hereunder, or of verifying any such reports or returns, any officer or agent of the Government designated by the commission may, during the usual hours of business, enter and inspect any place used by any ——— in its business, and examine any books, papers, records, or correspondence relating to such business.

Read this again, filling in the blanks with the name of your own business, whether you are a weaver of woollens or a baker of bread.

Or, again, fill in the blanks in this:

That in order further to insure the furnishing of information which the Federal Trade Commission is authorized to collect under this Act the President shall issue upon application a license, pursuant to this section, to every operator and dealer in ———, any part of whose business is in commerce, and after ninety days from the date this Act becomes effective no operator or dealer shall engage in or carry on any ——— business in commerce, unless he shall secure and hold a license issued pursuant to this section.

The clauses first cited are from the bill which gives a commission of three men powers of life or death over the packing industry.

The clause last quoted is from the bill to control the coal trade.

### Helping An Ancient Friend

**C**HINA has an immediate claim upon the affection and sympathy of the United States. Toward no other country, perhaps, is our sentiment so warmly cordial. The catastrophe which is taking a daily toll of ten thousand lives in five northern provinces of the Republic is, therefore, certain to win a substantial response from the American public. Contributions to the China Famine Fund will be in proportion to our reputation solidly established as a Samaritan nation.

But aside from the profound humanitarian appeal implicit in the plight of this appealing people, there is an economic aspect to the situation which, however minor in importance, is not wholly to be ignored. Our trade relation with China is not competitive but cooperative. She has raw materials to sell, and needs the finished products which we make. Her

imports amounted in 1919 to \$781,458,975; her exports to \$762,842,465. Our share of this business amounted to about 65 cents per capita of the Chinese population, or about \$260,000,000. Our annual trade with Great Britain is \$46 per capita. It is unreasonable to suppose that our trade with China will ever reach such proportions, but at that rate it would total eighteen billions annually.

When we remitted about \$13,000,000 of the \$25,000,000 indemnity imposed upon China as a result of the Boxer uprising, we builded better than we knew. This evidence of friendliness, trifling as it may seem in its financial proportions, has stimulated a feeling of good-will which extends from the mandarin to the coolie. Probably the United States has never made a better investment. The interest on that money is being used by China to educate her young men in this country, and they return to the Far East as active and ardent missionaries of American customs, American ideals, and American goods.

No deserving appeal to American generosity has ever gone unanswered. This will not. The dictates of reason and common sense corroborate the imperative dictates of the heart for China's relief.

### Let the Bathtub Light the Home

**L**ET THE WATER that washes the dishes and bathes the baby light the house. That's the plan of M. Colardeau, a French scientist, as press cables bring the news to America. The ingenious inventor has a high-speed turbine fixed to his supply pipe and that in turn is connected with a little battery of accumulators. When the taps are turned on, the energy piles up until the lights are needed.

M. Colardeau thus links closer civilization, electric lights and the bathtub, which have always gone hand in hand.

### The Common Sense of the Middleman

**W**HEN SENATOR CALDER introduced his coal bill, he declared it was its purpose "to drive the coal straight from the mine to the consumer." It was the intention of the measure, he added, to "tax out of existence" many unnecessary middlemen.

No one can find fault with a proposal to end the existence of "unnecessary" middlemen or, for that matter, unnecessary end men. Whether they can be or should be taxed out of existence is, as an eminent manufacturer of fiction has said, "something else again."

In the opinion of at least one man, himself a middleman and admitting it with no apparent sense of shame, the unnecessary middle man gets rid of himself.

"If you doubt it," he said, "look at the dry goods trade. One after another, great houses whose names were synonymous with wealth a generation ago have passed out. Why? Two reasons have brought it about. On one side the growing department store, on the other the changed sales methods of the textile manufacturer. Both have grown until, you might say, they have met over the dead body of the middleman."

"It is conceivable that the spreading chain store might wipe out the middlemen in certain industries. If it does, well and good. When the time comes that the middleman ceases to function economically, he'll die of dry rot. That has happened, and will happen again, but not in every industry nor completely in any industry."

"I have in mind one large manufacturer, one of the biggest





in his line, who is putting his product direct in the hands of the retailer. He is able, financially and with his command of a skilful organization, to do this. If I had been handling his product and he chose to change his business methods, I should find no fault with him. I believe that it is costing him more money to market his product in that way than it would through a wholesaler. On the other hand, he feels that he is getting in closer touch with the retailer and securing more intensive distribution.

"I believe that I serve a useful part in the economic scheme as it now exists. Let me be specific: I agree to buy all or a fixed part of the output of a manufacturer before it is made. With that contract, the manufacturer goes to his bank and borrows money with which to pay his men and buy his raw material. My credit is frequently better than his—it has to be.

"In that way, the middleman, so far from being the fat profiteer of the cartoon with one hand in the pocket of the manufacturer and the other in the pocket of the consumer, is really the means of encouraging individual enterprise, of helping the manufacturer to keep going.

"When the middleman passes out he'll pass out because he's no longer economically useful. I doubt if we can, or should try to, legislate him out of existence."

### It Wasn't a Ouija Query Either

**ASBESTOS HOUSES** have been sought by a long-headed merchant who dwells in one of the portions of the earth to which peace has not returned. Recently, the merchant has shown a little petulance because American manufacturers have not hastened to provide him with an article which, he believes, would be popular in his country.

### Citing Two Eminent Authorities

**AMERICAN** industry took comfort from the campaign cry "more business in government, less government in business," but it finds itself confronted with bills to regulate the coal industry, the packers, the grain exchanges.

In the face of this tendency in the United States which shows no outward sign of being checked, one extract from a speech made by Premier Lloyd George to the Federation of British Industries is both timely and pertinent:

Here is a doctrine the chairman will accept, that industry should be left as far as possible to work out its own salvation. I share your feelings against Government control. It is not the business of Government. Government has not the equipment to do it. In times of great emergency it is essential it should be done, because everything is concentrated on the task we have got in hand, but the sooner you get away from it the better. Yes, but that applies to home trade. Does it not apply to international trade? The less interference there is on the part of Government in trade, whether it be home trade or foreign trade, the better.

Not less to the point is this:

Governmental control, which we are undertaking so extensively and with so light a heart, sets up not a reign of law but a reign of discretion and individual judgment on the part of governmental officials in the regulation of the business of stock companies owned by innumerable private individuals and supplying the chief investments of thousands of communities. I can see no radical difference in principle between Government ownership and Governmental regulation of this discretionary kind. Regulation by commission is not regulation by law, but control according to the discretion of Governmental officials. Regulation by law is judicial, by fixed and definite rule, whereas regulation by commission is an affair of business sense, of the comprehension and thorough understanding of complex and various bodies of

business. There is no logical stopping place between that and the actual conduct of business enterprises by the Government.

Such methods of regulation, it may be safely predicted, will sooner or later be completely discredited by experience. Commissions in the future as in the past will reflect rather public opinion than business discretion. The only safe process, the only American process, the only effective process, is the regulation of transactions by the definite prohibition of the law, item by item, as experience discloses their character and their effects, and the punishment of the particular individuals who engage in them.

The author of the above is Woodrow Wilson. He wrote it in 1908.

### The Cure-all of Legislation

**IF PRICES** do not please, the remedy is obvious. Pass a law! In Pennsylvania folks have found hotel bills too high and a bill is proposed to empower the Public Service Commission to fix the rates. In Oklahoma the price of crude oil is too low and the legislature has named a committee to investigate and report.

Hogs have sold as high as \$22.10 a hundred in Chicago and pork chops have sold at three pounds for a quarter in the markets of Washington. All we lack is legislation to make the two things happen on the same day and everyone will be happy.

Senator Kenneth McKellar—the very name sounds Scotch and practical—gave his colleagues a suggestion the other day:

If the Senator can frame a law that will increase the price to the producer and at the same time decrease the price to the consumer, he will frame a law the like of which has never been enacted heretofore in the history of the world. The only proposition that I know that compares with it at all is a statement of a Member of the other House from my State a number of years ago, who said that he invariably voted for every appropriation bill but voted against every taxation bill. The two situations are somewhat similar.

### Rich—But Not Idle

**EUROPE** may be expected to gasp at that speech of John D. Rockefeller, Jr., about having missed his father's opportunity to make his own way. Europe's leisurely class, what remains of it, cannot understand the American glorification of work. Perhaps no European quite realizes that over here voluntary idleness is almost disreputable. Rupert Brooke may have had an inkling of it when he sensed New York skyscrapers as "built to satisfy some faith, for more than immediate ends; only, the faith was unfamiliar." Here was a poet's confession of Europe's blindness to the western spirit.

### Simplifying Things

**THE** Department of Agriculture has defined bread and in future the small boy, who wanders into the corner grocery, need only say:

"Maw wants some clean, sound, sweet product obtained by baking in loaf form and at a temperature of 400 degrees to 500 degrees F. a dough consisting of a leavened and kneaded mixture of flour, potable water, edible fat or oil, sugar or other fermentable carbohydrate substance, salt and yeast, with or without the addition of milk or a milk product. It contains, one hour or more after baking, not more than 38 per cent of moisture, nor more than 1 per cent of salt, and its acidity does not exceed the equivalent of 3 cubic centimeters of normal alkali for 100 grams of bread."

And he'll get a loaf of bread.



# A Way Out on Taxation

Business is stifled by the excess profits measure, which should be repealed; Government expenditures can be pared to the point where they will meet receipts

By CONGRESSMAN JAMES W. GOOD

*Chairman, House Committee on Appropriations*

**C**AN CONGRESS repeal the excess profits tax, so universally condemned by business men, and at the same time avoid imposition of a substitute levy to meet necessary Government expenditures?

I believe it can. National expenses must be cut down to do it. And they must be cut down because a continuation of heavy taxes will stifle business enterprise.

A start in the trimming of Government expenditures can be made by changing the present policy of retiring Government obligations.

Notwithstanding the fact that last year the Government's sinking fund produced about a quarter of a billion dollars, the Secretary of the Treasury retired Liberty Bonds and Victory Notes to the extent of almost a billion dollars. I think that was a very shortsighted policy. Instead we should have paid off our short-time indebtedness—indebtedness that was maturing every three or four months.

We have borrowed money at 6 per cent or 5½ per cent to buy bonds that would not mature for fifteen or twenty years, and they were drawing only 4¼ per cent, and then we began to have one class of Government securities competing with another class in a market of our own creation.

We do not need the revenue brought in by the excess profits tax if we will reduce our appropriations. The saving that is necessary can be effected by a system of economy and by national financing of temporary loans. There will mature within the next three years loans amounting to \$7,000,000,000. Shall we continue to lay a heavy tax upon American industry that we may pay this within three years, or shall we refinance these obligations by loans rather than taxes? To my mind there is no question that the latter policy is the one we should follow.

## Taxes a Load on Industry

**I** BELIEVE our taxes have become such a load upon industry that they are harmful when viewed from the standpoint of national bonds and that these maturing obligations can best be met by borrowing the money with which to pay them. Now, just suppose that you are managing a corporation that made a million dollars last year and that you had a chance to put your profits back into the business and make twice as much money next year. If at the same time you owed \$5,000,000 and were not being pressed for payment, would you not, if your creditors were willing, renew your indebtedness and reinvest your surplus?

That is exactly the situation we have here. The Government is not an institute apart from the people and separate from business. It is the people. And if the Government insists on paying off these maturing obligations, there is no place from which the funds can come except from the channels of business. Every dollar that is taken out of business in taxes reduces by one dollar the possibilities of our national business expansion.

Virtually every business concern in the country is hampered today by lack of capital. If, by reducing expenditures and thus cutting down the sums it is necessary to collect, we can permit industry to keep a larger portion of its earnings to take care of increased capital demands, we then, in a broad and constructive way, shall do much for the upbuilding of a bigger and better industrial America.

There will be collected during the next fiscal year from all sources probably a little more than \$4,000,000,000, which will run somewhere in the neighborhood of \$400,000,000 more than expenditures. This contemplates abolishment of the excess profits tax with no direct substitute provided. The Government's receipts last year, broadly speaking, came from the following sources:

Customs (tariff duties).....	\$323,536,559.25
Income and excess profits taxes.....	3,956,936,003.60
Miscellaneous taxes.....	1,442,213,241.46
Miscellaneous receipts.....	981,728,633.32
Postal revenues.....	437,150,212.33

Total.....\$7,141,564,649.96

The \$4,000,000,000 necessary to raise next year, could be derived somewhat as follows:

Customs.....	\$400,000,000.00
Income and corporation taxes.....	1,500,000,000.00
Miscellaneous taxes.....	1,250,000,000.00
Miscellaneous receipts.....	500,000,000.00
Postal revenue.....	500,000,000.00

Total.....\$4,150,000,000.00

In this summary I leave out of consideration altogether all interest on foreign debts, amounting to more than half a billion dollars. This money, if paid into the United States Treasury, might be applied on the retirement of outstanding obligations, but I am of the opinion that it is best to proceed without reference to it because in the event it is not paid Congress would have to go out after additional revenue.

In proposing that customs revenues should approximate \$400,000,000 I believe that this is the maximum that may be derived from this source.

It seems to me that we ought to repeal the tax on transportation which last year yielded more than \$252,000,000 in taxes on

freight and passenger fares. That service is already taxed to the breaking point and these taxes should be repealed. It will not be difficult to find new miscellaneous sources of taxation that would not be burdensome to take their place.

Last year there was taken from bonded warehouses almost 40,000,000 gallons of spirits. These spirits paid a tax of only \$2.20 a gallon. They were withdrawn for medicinal purposes, but were used for beverage purposes. We ought to restore the tax of \$6.40 a gallon, and by so doing could add to our revenue from this source alone from \$50,000,000 to \$100,000,000, depending upon the amount of the withdrawals.

## Attention Smokers!

**W**E have also a comparatively light tax on tobaccos, cigars and cigarettes compared with similar tax levied in other countries. Last year we collected approximately \$295,000,000 from this source. If we levied the same tax on this class of commodity that is levied by Great Britain, and assuming that that tax would not materially interfere with the consumption, it would bring into the Treasury more than \$500,000,000 a year.

So that by repealing taxes on transportation we may find other subjects of taxation, by putting an additional tax on luxuries, that will more than take its place, so far as the revenue derived is concerned.

Again, we have in the United States more than 8,000,000 passenger-carrying automobiles. Practically every one is a luxury, and if we placed a tax upon passenger-carrying vehicles and made the amount of the tax dependent upon the horsepower, a reasonable tax, we could easily collect \$200,000,000 from that source. By pending legislation it is proposed to appropriate \$100,000,000 for so-called Federal aid for road building throughout the United States. No one is more vitally interested in good roads than the man who drives an automobile. By levying a wheel tax that would yield \$200,000,000 a year we could continue Federal aid for good roads at the rate of \$100,000,000 a year and still leave available for other Government functions \$100,000,000 derived from that source.

It is estimated that next year the postal receipts will bring in \$500,000,000 and that the miscellaneous receipts will yield \$500,000,000 more. During the past two years the Government has sold a great deal of property, real estate, buildings, and equipment of all kinds, and we have more to sell. We have also sold and will, I hope, continue to sell many of the merchant ships that we acquired during the war. Certainly the miscellaneous receipts will not fall far, if any, below \$500,000,000 a year. From these sources, alone, therefore, we can foresee an income of not less than \$4,150,000,000, which is in excess of all appropriations and leaves a sufficient surplus to meet all apparent deficiency appropriations which Congress may hereafter make for next year.

In addition to eliminating excess profits





taxes, I believe that with the additional miscellaneous taxes I cited there is an opportunity to reduce surtaxes on incomes. I suggest a very small additional tax on corporations to help take care of this.

An analysis of receipts under the war revenue act will show that repeal of the excess profits tax would bring into the Treasury, under the income tax provision alone, \$1,500,000,000 a year. It might exceed rather than fall below that sum.

I am opposed to a sales tax. In the event there is unemployment, and there will be at an increasing rate, such a levy would cause great unrest. How would the laboring man feel, if asked, while out of employment and with a small or scarcely no income, to pay a tax on everything that he eats and everything that he wears, not realizing that the excess profits tax has been passed on to the consumer and that in the past he has been compelled indirectly to pay it? He will become bitter in his resentment at a Congress that repealed a tax required out of excess of

earnings, only to substitute a direct consumption tax which he must pay.

Great care should be exercised not to arouse the prejudices of the propertyless man against the man who owns property. To lay an unjust burden on the man who is unemployed and has no means, and compel him to pay a tax on everything that he eats and everything that he wears, would strongly tend to arouse such a prejudice, which might result in an attack against the rights of private property itself.

Our cost of the great World War must be paid by the man who has the money or property with which to pay taxes. That cost must be paid not by a tax exacted from a man because he is hungry, or cold, but by a man who has the money with which to pay the tax, and who can pay it with a minimum of hardship. Congress must keep clearly in mind the fact that all taxes must be fair and just and that in levying any taxes, great care should be exercised not unduly to antagonize the man who earns his living by the sweat of his brow.

a great number of projects should be instituted and that business men the country over should join in the attempt to carry them out.

On one general policy, however, we can afford to focus a great deal of attention. We can determine to avoid the extremes of riotous extravagance during seasons of prosperity, and as seasons of depression approach we can postpone some of our projects for increased equipment and some of the ordinary repairs and betterments, which are least pressing, to be undertaken during days of less labor pressure and lower material costs. It is vital, however, that only the work itself should be postponed. All preparatory plans, like the engineering and, if necessary, the financing, should be completed, so that the work can start on short notice.

Business houses which approach this proposition with a determination to do their full share will find a surprising amount of routine work which can thus be taken out of a crowded market and put into a favorable market with equal profit to the community and the corporation. It is undeniable that any progress that is made among the business men in the careful study of business cycles will be reflected in a decrease in the number of those hurried projects for expansion of building and equipment, started near the peak of the wave and left hanging empty or half finished in the trough of depression.

Business men should be insistent supporters before the appropriate councils of the Nation, the states, counties, cities and towns of the proposition, recently put forward with great force by the Governor of Massachusetts, that all departments of Government having equipment needs should schedule those needs five, and even ten, years into the future and should immediately arrange that the engineering work and specifications be prepared at least a year in advance. With this as a starting point we must then tackle the difficult problem of having every governing body which can be induced to embark upon such a course reserve an average of approximately 10 per cent of their improvement projects during times of high employment when they will merely compete with private industry, until the days of depression when the whole country will reap a double benefit from their completion.

## A Reservoir of Employment

Public work can be used for slack periods instead of competing with private industry when jobs are plentiful

By HENRY S. DENNISON

*President, Dennison Manufacturing Co.*

**D**URING the crisis of 1914, when the extent of unemployment and part-time employment was nation-wide and the intensity of need among wage-earners was uncommonly great because this crisis followed upon relatively dull times, nearly every man connected with the relief committees formed in all of our large cities was deeply impressed with two points: First, that the time to prepare to meet unemployment crises is during the prosperous sector of the business cycle; second, that the claims of men willing to work, but denied any opportunity to do so, are peculiarly difficult for the community to deny and save its face.

During the days of depression and bitter need the problem cannot be adequately met, and during days of prosperity and overtime

there is no will to face it; for, after such crises, it is found that the interest of the business community in the problem of unemployment dies away as rapidly as the wave of prosperity advances. It is, therefore, during just such times as the present, when unemployment is upon us but when need is tempered by workmen's savings, that men wishing to do their share in reducing the extent of one of the greatest evils which can be attributed to the industrial system should put their minds to the problem and determine to put on foot appropriate betterment projects.

As it has been found impossible to attribute the ups and downs of business to any single cause, so it will be found necessary, if any significant improvement is to be effected, that

## What Shipowners Are up Against

The Government—which competes with taxpayers' money against private companies—must decide now whether the American merchant marine is to thrive or die

By WILLIAM AVERELL HARRIMAN

*Chairman of the Board, United American Lines*

**S**HIPPING is the most vital business now open to American capital. It presents an opportunity—more than that, an urgent demand—for service. Too often we consider the merchant marine as a separate entity. As a matter of fact, it is one of the arms of foreign trade. The other arm is international banking. It seems to me quite impossible for the United States to carry on a large foreign commerce, such as is imperative in view of our increased productive capacity, without our own international banks to finance this trade and without our own ships to develop trade routes.

My entry into the shipping game was partially by accident and came in February, 1917, when I purchased the stock of the Chester Shipbuilding Company. The property of this company was badly deteriorated at that time, and we set about rebuilding and expanding it. Then we organized the Merchants' Shipbuilding Corporation and bought the site at Bristol, Pennsylvania, now known as Harriman. A little later the Shipping Board commandeered all shipbuilding contracts, and during the remainder of the War we built vessels as agents of the board. Eventually both yards were combined under the management of the Merchants' Shipbuilding Corporation.

We did not wish to be merely builders of ships and so, to round out our activities, we began operating and financing them. The financing work is handled through the investment concern of W. A. Harriman & Company. The operating was done originally through the Independent Steamship Corporation; later this was merged with the firm of W. H. Randall & Company to form the firm of Livermore, Dearborn and Company. These interests have since been linked with others to form the corporation known as the United American Lines. This latter organization is now operating more than 500,000 deadweight tons of American shipping.



The problems facing American shipping today are tremendous. Foreign competition is very strong and aggressive. Foreign shipping companies have the advantage of long experience and widespread trade connections. Our foreign competitors also enjoy more liberal navigation laws. They have a further advantage in that the wages of their seamen are lower. These handicaps to American shipping companies look large, and while I am hopeful of our success in overcoming them, I do not fail to appreciate the vast amount of thought and labor required to accomplish that end.

In addition to foreign rivalry we must meet at present Government competition. We have a line of ships running between the east and west coasts of the United States. The United States Shipping Board has vessels in that trade in competition with ours under a rate agreement. There is not enough cargo for all the lines. The Shipping Board can maintain this service even though its ships sail with part cargoes; the United States Treasury can stand the strain and the taxpayer will pay the bill. But it must be obvious that private capital cannot do business on this basis, and will be forced out unless the Government changes its policy.

The question of Government ownership is not necessarily involved. It is essentially a question of the policy under which the ships owned by the Government are operated. I do not believe anybody advocates nowadays Federal operation of our merchant marine; it is a proved failure. And yet the present operating agreement, which makes the Government financially responsible for the vessels, is in effect just that. Private capital will not absorb the tonnage now owned by the Government if the United States Shipping Board hinders the development of privately owned enterprise. At best, the present policy of the board defers the time when private capital can or will take over those ships.

### Capital Is Cautious

THE question whether the United States is to have a great merchant marine is now being decided. Capital is timorous beyond a certain point. If it gets too many hard knocks now, it will not be willing to devote itself to the development of a merchant fleet adequate to meet our national needs.

The shipping business in this country is sometimes called "new" because, prior to the War, the American flag was almost unknown upon the high seas. In the days of the clipper ships, it is true, the United States had a large merchant fleet. But the conditions in those days were essentially different from those obtaining today. The enterprising New England shipowner bought a cargo which he thought would sell in a certain part of the world, stowed it in his vessel, and himself, or perhaps his partner, took command. The ship set sail to the Far East, say, or to Africa, and there the captain bartered with the natives, exchanging his New England goods for local products. He then returned to his own port where his cargo was sold.

In those days an individual carried on all the functions of our present complicated system of trading. He did not require banking facilities. He did not require special trade connections or adequate interior transportation.

As the volume of trade expanded, however,

it was found more economical to send representatives to foreign countries to buy and sell as the agents of ships or of trading corporations; and the agents informed the home offices what could be exchanged to best advantage. Thus it came about that regular



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At twenty-nine years of age, this son of the late E. H. Harriman is head of one of America's great shipping companies

lines with frequent sailings were established between certain ports, and the owners of the ships came to serve more than one trader. Thus came the divorce of transportation from the trading function. Thus, also, came the breakdown of the primitive system of barter. The merchant found it simpler to sell for currency instead of taking payment in goods, and the trader found it simpler to use currency in buying. There arose from this situation the need of banking facilities to handle business in foreign countries. The banker converted the merchant's balance from the currency of one country to another, and on occasion supplied him with credit.

At this stage of development American trade and shipping suffered a relapse. England, however, was quick to perceive these changes in the economic structure and to build up her export trade by supporting it with these two essential service features, shipping and foreign banking. Her industrial men and her merchants took a stockholding interest in her shipping and banking enterprises. The Government also stood be-

hind the merchant who traded in distant parts of the world and saw that his interests were protected. As a result of this policy England became the greatest trading and shipping nation in the world.

The shipping industry, which means so much to the whole American community because of its importance in foreign trade, requires the support of certain auxiliaries; that is to say, efficient shipyards, marine insurance companies, and an American classification society. I am hopeful that in time we shall be able to build ships as cheaply here as they can be built abroad. In order to do this, however, we must have a steady volume of business in our shipyards so that they may adjust their facilities to the demand upon them, and thus cut out a large unproductive overhead. This condition is also necessary for the maintenance of successful marine insurance companies and an efficient classification society.

To protect the shipping industry during its formative stage will involve expense, and if this expense is borne in some form or other by the country, it will be fully justified by the increased prosperity of the country as a whole. This was the recognized principle on which our whole industrial system was built up. Whether or not the time has passed for a protective tariff is not a matter I need discuss now. The point I want to make is that we have a lusty infant industry in our merchant marine, and that we must give it adequate protection and support if it is to survive and become a permanent asset to the Nation.

There are three ways in which this protection can be advanced:

Firstly, Government regulations, particularly those pertaining to marine labor, should be modified.

Secondly, a subsidy should be provided for American lines, either directly or indirectly, to offset the disadvantages under which they are working.

Whatever form the subsidy takes it should be so fully open to public scrutiny and so scientifically placed that there would be no suspicion of "pork barrel" methods. I think I may safely say that Government operation of shipping is costing more

today than is needed for a shipping subsidy.

Thirdly, the Government should assist the development of bunker stations at home and abroad, where a supply of fuel oil at reasonable prices would be available for our ships. The United States Shipping Board owns a fleet of tankers and could so direct these as to be of great aid to shipping operators. This would go a long way toward offsetting other disadvantages, for today the delays in getting bunkers and the extortionate prices paid, particularly at stations under foreign control, is a very serious problem.

It rests with the Government whether the companies now building and operating American ships are to be destroyed or permitted to live. This means that in the last analysis the question rests with the American people at large. They must get behind this problem with interest and vigor, and press upon the Government for action. I have confidence in the enterprise of American business men to work out our shipping problems provided adequate help is given to them at this most critical period.



# Italy's Skies Grow Brighter

Her industrial "revolutions" are not as red as they are painted; what she now needs is a heavier importation of tourists and freer exportation of labor to help restore trade balances

By A. C. BEDFORD

*Chairman of the Board, Standard Oil Company of New Jersey; Vice-President, International Chamber of Commerce*

IF THESE random notes, which I am jotting down at the request of the editor of *THE NATION'S BUSINESS*, result in a more comprehensive understanding of Italian affairs by Americans, I shall feel that I have performed some service to both nations. From the most material standpoint this country has an enormous interest in Italy's welfare. She is our customer for millions of dollars of manufactured goods, footwear, typewriters, machinery and coal. She is a potential field for the investment of American capital in the future and the time may come when we will be glad to avail ourselves again of Italy's greatest commodity of export—labor.

There has been a good deal of misconception and misinterpretation of fact and sentiment as between America and Italy. We, on this side, are perhaps not to be blamed for regarding Italy as being at times dangerously close to a revolution. The unmoral proposals for the confiscation of capital put forward in Socialist and labor quarters at times have rendered any other conclusion illogical. On the other hand, the Italian labor delegation which went to Russia to study, and predisposed to embrace, Bolshevism, returned to repudiate and denounce it. And I hope that the present demands of labor for the dominant place in industry will pass.

## As to the Socialists

THE Socialist press in Italy, of course, does not belittle its ideal for a Socialist state nor its progress in that direction. If for no other reason, exaggerations of this character are welcomed by socialistic propagandists in other countries. The impression that Italy has at times been practically in the hands of revolutionaries is also due, I think, to the highly colored reports in many of the more conservative Italian papers. It has often occurred to me, in fact, that an account of a characteristic American strike with its incidental scimmages with the authorities, written by an Italian, might give us an entirely new impression of what had happened.

With the hope, then, that some misapprehensions may be corrected I am setting down here a few observations based upon my visit to Italy last year, and views and data which were communicated to me by some of those who have found a high place not only in Italian but in international diplomacy.

Armistice Day brought to Italy no fruits of victory but disillusionment as to her relations with the Allies. The Italian feels that his people threw themselves into the War with no other motive than the safety of the world, and without counting the cost. He tells you that with peace they reaped glory and the consciousness of service to humanity but that fate had reserved a most bitter material awakening. Italy found a death roll of half a million men, hundreds of its best mutilated and disabled and a war debt of one hundred billion lire. In return for this enormous sacrifice Italy says she looks in vain for evidence of sympathy or trust from the Allies, and she is resentful of the apathy exhibited

toward her efforts to recover from the wounds of war.

And it is undeniably true that the sorrows of other belligerent countries have loomed larger in the eye of the world than have those of Italy. The country has been curiously unfortunate in that too little is known, in America particularly, of her great war effort and of the extent of her magnificent contribution to the result, while, on the other hand, her troubles since—her industrial disorders particularly—have been unduly exploited and somewhat exaggerated.

On their side the Italian people have perhaps failed to comprehend entirely the post-war situation in America, and the causes which have prevented a larger measure of financial support to Italy in the very trying time through which she has passed. For instance, Italy is mistakenly convinced that enormous liquid wealth created during the War exists in the United States. Her conclusion is that if Italy is not being deliberately crippled by the withholding of capital and commodities, of which there is supposed to be an abundance on this continent, she is at least being allowed to suffer through our selfish indifference. She believes that substantial credits are being extended to other countries and withheld from her.

There is, I am afraid, little appreciation in Italy of the immense demand for capital which exists the world over, or of the actual dearth of it in this country, or of the very good reasons which have prompted the Government of the United States to leave the extension of further credit facilities in foreign countries to private enterprise. There is, perhaps, also a disposition in Italy to minimize the effect of socialistic tendencies of her legislation in repelling foreign capital, but this has been perhaps the largest factor in the failure of Italy to secure external financial assistance adequate to her requirements.

## War's Effects on Revenues

IN peace times the principal national revenues of Italy were particularly vulnerable to any world-wide trade dislocation, and in war they suffered disastrously. These revenues, which consisted of remittances from emigrants engaged in foreign industry, and from expenditures within the country by tourists (which together were once sufficient to rectify the balance of trade), of course, disappeared in 1914 and are only now beginning to be in evidence in the Italian budget. Naturally, as conditions improve their influence will be increasingly felt. Italy also has had to contend with the fact that the territories of the Levant, which were her main trade outlet before the War, have lost their purchasing power. Meantime, the country has been forced to continue heavy purchases abroad. Being without the natural resources of coal and iron and, in consequence, unable to exercise the same economy in imports as, for instance, France, her position was admittedly a serious one.

In order to export goods it is first necessary for Italy to import the raw materials. In 1918 imports exceeded exports to the amount of \$2,500,000,000, but since that time her export figures have been rising steadily and the excess of imports over exports is being reduced. To appreciate the improvement which has taken place in the Italian situation it is only necessary to recall that at the beginning of last year the state expenditure surpassed by three times the revenue; that the Government was losing millions of dollars per annum on bread subsidies; that the military expenditure for one month at that time was still larger than for the year before the War, while the national debt was increasing at the rate of about \$150,000,000 per month. In common with every country in Europe, Italy was suffering from the excessive issue of paper currency and the dangerous volume of credit which had been built thereon.

## The Strong Man of Italy

THIS is a bare outline of the financial and commercial position of Italy when, in June of last year, Giovanni Giolitti took over the reins of government. Although well past middle life, Giolitti is still the strong man of Italy, and his ascendancy to leadership, at a time when the nation's affairs had reached an *impasse*, seemed to me to be nothing short of providential. There has been, for instance, a distinct change for the better in the financial situation. The public debt of Italy, including the treasury notes (about thirteen billion lire), government bank notes (two billion lire), and bank notes issued for the account of the government (ten and one-half billion) aggregates about ninety-four billion lire.

By the pre-war standard of national liabilities this would seem to be extraordinarily high but Italy is no more willing than any other country to admit that its public debt is at all out of proportion either to its wealth or to the currency issues of other countries.

An Italian economist has recently compared the Italian and French budgets and has declared that, while Italy requires only 20.8 per cent of its receipts for paying interest on its public debt, France is called upon to use for this purpose 23.4 per cent of its entire revenue. The same authority also ably defends a considerable proportion of the very large increase in Italian currency. One of the reasons for this increase is the augmented Italian territory, the requirements, for instance, of Trieste, an important business center, and the new currency put out in the Venetian provinces. The considerable issue of treasury notes mentioned above has one favorable aspect, and that is they have permitted the government to limit the circulation of paper currency, and it is, I believe, the hope of the present government to convert these treasury notes into government bonds.

While the full effect of the recent financial legislation of Premier Giolitti is yet to be seen, substantial progress is being made in overcoming the national deficits. At present this deficit between ordinary receipts and



ordinary expenses amounts to about 2,500,000,000 lire. The actual deficit of 13,430,000,000 lire being due to the bread subsidies, the expenditure upon the army and the navy, upon the new territories acquired, and to government investments in maritime trade. All of these extraordinary expenditures are upon a decreasing scale, and I am told that at the Brussels conference, at which the different belligerent nations submitted their balance sheets, the Italian budget was regarded as prudent and conservative.

A study of the results being obtained by the new taxation legislation now in effect in Italy shows that the income from taxation in July, August, and September, 1920, increased at the rate of well over two billion lire as compared with the same months of 1919. The actual increase over the year will probably be very much larger. If the Government is successful in overcoming the deficit resulting from expenditures for the national supply of cereals much of the political unrest will be eliminated and the budget reduced.

The second most difficult problem which Italy had to face—the Adriatic question—has, of course, already been solved by the Treaty of Rapallo. That settlement is a tribute to the sagacity and statesmanship of Giolitti and his Minister of Foreign Affairs, Count Sporfza. The other outstanding phases of Italian national life are, I think, of such a passing nature as to require no elaborate analysis. One cannot say more than that Premier Giolitti is a sane and sagacious statesman who will do everything in his power, irrespective of preliminary proposals, to bring about an equitable and peaceful cooperation between capital and labor.

At present the Government has under consideration sharply conflicting recommendations by the employees' and the employers'

sections of a mixed commission, to which some months ago was delegated the task of preparing a plan of syndical control of industry. These two reports have gone before Parliament and the announced object of Premier Giolitti's policy is the discovery of a more systematic organization of production, the removal from production of profits absorbed by speculative traders, and the creation of an equilibrium among the constitutive elements of industry. The dispute between the workmen and the manufacturers resolves itself, upon analysis, into the simple question of the right of property.

The workmen ask that supervision of control be "exercised by the body having the greater interest in industry." This body is, of course, the workmen themselves. The manufacturers naturally maintain that the actual direction of industry must rest with the management and that the rights of capital must be respected. There the matter rests, and I have hopes that some fair compromise will be reached. If not it will soon be discovered that capital cannot be coerced and that, while property may be confiscated, many things besides labor are necessary to make it productive. The settlement of this dispute is essential to Italy's prosperity because until it comes, the tourist industry will hardly resume its old proportions.

Astonishing progress has been made in re-establishing Italy's twin source of revenue and greatest export trade, that of emigration. The congestion of surplus labor in Italy after the War was a real menace. Countries like Germany and Alsace-Lorraine, which were formerly markets for Italian labor, were closed, while many other countries placed restrictions on immigration. Nevertheless, machinery was set up for the scientific supervision of the Italian workman going abroad to sell his labor.

The emigration office now negotiates directly with foreign contractors and so assures the Italian in a foreign land the best wages and adequate working and living conditions. The Italian emigration department has also instituted special trade and agricultural schools in the regions where labor is most numerous, training the emigrant for skilled work. It is proposed that, instead of a workman going forth individually, to seek his fortune he will move about in a group, each group capable of performing some special class of labor. An effort is also being made to provide emigrants with at least an elementary education.

The efforts of the department have been devoted entirely to the regulation and protection of emigration and facilitating it wherever possible and, notwithstanding the great difficulties in the way, it has enabled four hundred thousand emigrants to leave Italy in the past year against an emigration of four hundred and fifty-six thousand for the five years preceding the War.

No judgment upon Italy's political or commercial stability, which does not take into consideration the extraordinary disabilities which that country suffered by reason of the War, would be either just or reasonable.

One cannot come close to Italian statesmen and industrial leaders and the working men and peasants without catching something of their brave spirit, and we have many reasons for hoping, most of all because of our ancient friendship for Italy, that these people, each generation of whom for almost centuries have been either bearing the brunt of War or repairing its ravages, will somehow emerge as they always have done and will restore the wealth destroyed by the War and, under wise guidance, that country will attain through its sacrifices a reward commensurate with its War achievements.

# The Railroad Labor Issue Joined

The public is vitally interested in the hearing which seeks to determine what form of collective bargaining shall be adopted by the railroads under the Esch-Cummins Act

By RICHARD WATERMAN

*Secretary, Railroad Committee, Chamber of Commerce of the United States*

COLLECTIVE bargaining is one of the issues most clearly joined at the hearings before the Railroad Labor Board in Chicago. Both parties to the dispute regard it as fundamental. These hearings deal with rules, working conditions, and agreements, not with wages; but spokesmen for the railroad labor unions regard the question of collective bargaining as vitally involved. The dispute, in fact, begins with a difference in definition of the phrase, "collective bargaining."

The Railway Executives have presented their side of the case, and the Employee Organizations have made their opening statements in reply. It seems probable that the hearings will continue for several months, but in the meantime the questions at issue have been clearly defined, and may be indicated by direct quotation from the official proceedings of the Board. In regard to collective bargaining, Mr. B. M. Jewell, spokesman for the Employee Organizations, said:

The fundamental issue in the case now before you is the principle of collective bargaining on the basis of organization recognition—the principle that

railroad workers . . . should have the right of collective bargaining through representatives of their own choosing. . . . The labor provisions of the Transportation Act . . . depend upon the acceptance and perpetuation of this fundamental principle. The framers of the law accepted and used it as the foundation of their structure for the judicial adjustment of railway labor conditions and relations, of which the Labor Board is the apex. . . . Any impairment of this principle will therefore destroy the Board and with it all the labor provisions of the Act itself.

Mr. Frank P. Walsh, counsel for the Employees' Organizations, said at the same hearing:

Let us understand if this whole question necessarily involves a fundamental principle which must be decided at this time and if not correctly decided means the end of the intelligent functioning of this Board and a return to the chaos of other days, which is unthinkable.

Collective bargaining is a modern term very much used and very much abused. Let me state it, if I may, from our standpoint. It involves the principle of men getting together in organizations, within the legitimate sphere of order and of law, such as they believe most beneficial to their own collective interests. Time has proven to them the

character of organization, the only character of organization that can protect them. Society has given its consent to the principle over and over again through the law-making bodies of this union and of the national Congress.

Collective bargaining, of course, implies power on both sides, not power to be used arbitrarily, but the power that makes man and man equal, that destroys the idea of mastery of man over man upon either side, power so strong that, as in this case, the executives will meet the employees knowing that if their proposition is not a fair one, those employees are so strongly organized that they can collectively decline to serve the railroad companies.

Therefore, the labor organizations of this country have found it wise to say that unless they are allowed, like the railroad companies and like the great industrial organizations that operate the industries of this country, where it is proper for them to do it, to organize nationally, to speak as a whole collectively with a national voice, for the industry is one that calls for such action; unless they can, by getting great numbers in their organizations, raise funds so that if they are imposed upon the weakest organization in a remote place in the United States can call upon the financial resources of the parent organization to help them, there can be no such thing as collective bargaining.

I lay it down as a fundamental proposition for



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STRAIGHT LINE METHODS



the consideration of this Board that there is in the industrial organization of the roads today no such thing as collective bargaining as recognized by the Congress of the United States and as laid down in the Transportation Act unless Mr. Whiter and his representatives will agree with me that these men have the same right to a national organization as the railroad executives. The railroad executives come before this Board by one man, and say, "We are speaking and acting as a national unit, we are making demands as a national unit," and at the same time deny my brother Jewell the same right on behalf of his class, the right to say, "I represent as a national unit all those who have submitted collectively their demands to me." . . . So far as this Act is concerned and this Board is concerned, if they most frankly and honestly meet the situation, as I believe they will, they will write into this record that they are opposed to collective bargaining and that they are opposed to the provisions of the Transportation Act, and declare this Board dissolved.

Mr. E. T. Whiter, spokesman for the Railway Executives, said at this hearing:

It seems to me that what has been stated is made largely to divert the Board from the real issue. The plain facts in the case are these: On April 28, 1920, the organizations filed with the railroads of this country replicas of the National Agreements which they asked to be continued. Railroads that wanted to enter into negotiations or to discuss the points with the representatives who presented them, were met with the reply that "We will discuss this with you but we cannot change it in any manner whatsoever. It must be signed as it is here presented."

That may be collective bargaining. I don't know. It seems to me that it is not. Anyhow, the result was that after notice had been served upon the various railroads in the manner I have described, the matter was then presented before the Labor Board with the request that the National Agreements be continued. This committee took the position, not once but numerous times before the Board, that the manner in which these things had been presented to the railroads was not in accordance with the Transportation Act. Section 301 of the Transportation Act prescribes what shall be done in order to avoid a dispute, if possible, and it specifically provides that the parties directly interested shall negotiate and try to come to an agreement or a conclusion before the matter is taken to any other tribunal. But by the language of that section I would understand that the persons who are directly interested or concerned are the managements and the employees of the individual properties.

The issue before this Board plainly and clearly is the consideration of the requests of these employees, these organizations, for the continuation of those National Agreements, rules, and working conditions which the railroads are opposing, and the Board having accepted jurisdiction of that case it seems to me that the Board must consider and render a decision. It is not a question of referring that matter back to a committee representing the organizations and the railroads at this time. That time has long gone by. . . . The case before this Board to determine is, Shall these National Agreements be continued, or shall the railroads be left free to negotiate directly with their own employees their rules and working conditions, as is intimated and prescribed by the law?

Section 301 of the Transportation Act reads:

It shall be the duty of all carriers and their officers, employees, and agents to exert every reasonable effort and adopt every available means to avoid any interruption to the operation of any carrier growing out of any dispute between the carrier and the employees or subordinate officials thereof. All such disputes shall be considered, and, if possible, decided in conference between representatives designated and authorized so to confer by the carriers or the employees or subordinate officials thereof, directly interested in the dispute. If any dispute is not decided in such conference, it shall be referred by the parties thereto to the Board, which under the provisions of this title is authorized to hear and decide such dispute.

During the twelve months that have elapsed since the Transportation Act went into effect

there have been in obedience to this provision of the Act numerous conferences between the committee representing the Association of Railway Executives and the committee representing the employees organizations; but these conferences have only resulted in a series of disagreements resulting in disputes which are now before the Railroad Labor Board. Section 301 of the Transportation Act reads:

The question of holding further conferences came before the Board at a recent session, when General Atterbury pointed out that

**THE PUBLIC** interest requires that some way shall be found at once either to increase the revenues or reduce the expenses of the railroads. In large measure, the Government controls both the receipts and the expenditures of the roads: receipts through the Interstate Commerce Commission which fixes railroad rates, and expenditures through the railroad labor board which establishes rates of wages and salaries and standards of working conditions.

The rates fixed by the interstate commerce commission are already so high that it does not seem feasible to increase them further. The only alternative is to reduce expenses and the chief item of expense is the wages of employees. The railroad labor board was created for the purpose of regulating this item.

In July, 1920, the board added \$600,000,000 to the railroad wage bill. This automatically added an equal sum to the rates and fares that the public must pay for transportation service. Today the board is considering whether or not it will continue in effect the war-time rules, working conditions, and agreements. If the board continues these national agreements, the public must pay whatever they cost. The railway executives say that they cost \$300,000,000 more than is necessary and urge that the agreements be terminated at once. The employees urge that they be continued.

The public has a vital interest in the outcome of this dispute although thus far it has had no voice in the official proceedings excepting through its representatives on the board. For the information of the public—which is already complaining of high fares and high freight rates—"The Nation's Business" presents here the chief contentions of the railroad executives and of the Union leaders as they have thus far been presented at the hearings in Chicago.—THE EDITOR.

"if the Board follows its present procedure, months will elapse before it can render its decision"; and that "the urgent financial necessity of the railroads will not permit them to wait any such length of time for relief." He asked the Board either to terminate the National Agreements at once or to make a general reduction of railroad wages "in order to avoid a condition of national confusion if not chaos."

The chairman of the Board said at this point:

I have thought right along that in this situation the proper course would be for the appropriate authority of the railroads to take up in conference with the appropriate authority of the organizations of employees such subjects as are now placed before the board by General Atterbury. . . . and I would like to ask General Atterbury why that cannot be done even at this stage

General Atterbury replied:

Mr. Chairman, the present situation is so acute that so far as the railroads are concerned they cannot afford to start on a hearing the facility of the success of which is so perfectly apparent. The views are so radically opposed that no possible good could come from such a conference. The Board, itself, must decide that and must assume the responsibility for it.

Mr. Jewell said in answer to General Atterbury:

We do not claim that the present National Agreement is perfect or that it is the panacea for all evils and injustices of the railroad industry. We do contend, however, that it is possible and practicable for a committee of railroad officials, who by previous training on shopmen's conditions of employment and who have had actual experience in negotiating and applying shopmen's agreements, to join in conference with a committee representing shop craftsmen who are practicable shopmen, and who have likewise had experience in drafting and applying shop craftsmen's agreements, to negotiate an agreement the rules of which can be applied to all railroads and not impose any unjust or unreasonable burdens on management or on the shop craft employees. . . . Our willingness, in fact our often expressed desire, for such conferences, is a matter of record.

Mr. E. T. Whiter, spokesman for the Railway Executives, said at the same hearing:

The railroads are desirous of getting back to individual negotiation with their men the same as had been the practice prior to Federal control, and there is not any reason that I can see why that cannot be continued. The railroads and the committee which I represent have good legal advice and they believe that that is exactly what Section 301 of the Transportation Act means.

In closing the statements of the railroads with reference to the requests under consideration in this hearing, viz., that all the so-called National Agreements entered into by the United States Railroad Administration, the wage orders, addenda, supplements, interpretations, etc., shall be continued in effect, Mr. Whiter said:

I would like the Board to bear in mind that every one of these National Agreements, so-called, expired with the end of Federal control, so that on March 1, 1920, there were no National Agreements, and in my judgment there never have been any since, although in one way or another it has been contended that they were extended.

There is no obligation upon the individual railroads to accept and adopt these agreements, wage orders, etc., to which they were not a party. There is no obligation in law or reason that they should be required to adopt these intricate, complicated, and extensive regulations which were applied throughout the United States with utter disregard of conditions on the individual properties or the extraordinary, in many cases grotesque, results which followed.

Further, the necessity for specific understanding to continue these agreements was plainly recognized by the organizations who were parties to such agreements, as is shown by their letter of March 24, 1920, in which they said: "In the interest of successful operation it is desirable that definite agreements be had prior to September 1, 1920, providing for the preservation of the conditions of employment thereafter and that these agreements be entered into at the earliest possible moment."

In reply Mr. Jewell said:

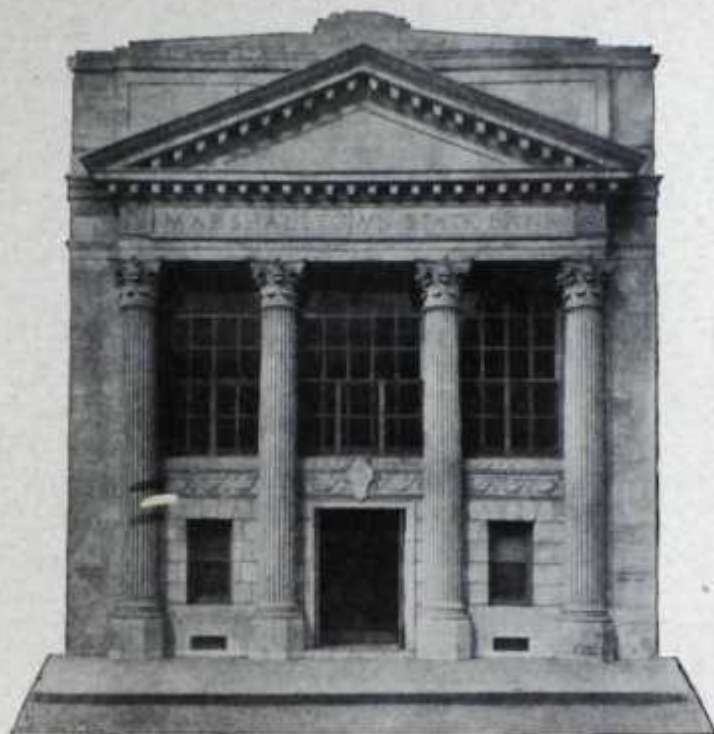
The rules of the National Agreements are for the most part identical rules of the Agreements these organizations have had with railroad management for the past thirty years or more. . . . In determining the justness and reasonableness of rules and working conditions the Board surely must be guided in part at least by what has been in the past recognized by railroad management as just and reasonable rules, as contained in rules resulting from conferences.

General Atterbury said in his statement:

The National Agreements, rules, and working conditions forced on the railroads as war measures



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cause gross waste and inefficiency. I estimate that the elimination of this waste would reduce railway operating expenses at least \$300,000,000 per annum. It would be far better to save this sum by restoring conditions of efficient and economical operation than to reduce wages.

It rests entirely with your Board to determine within the next few days whether this whole situation shall drift into chaos, and orderly procedure become impossible except at the price of railroad bankruptcy, financial shock and still wider unemployment. The Labor Board can prevent this catastrophe by declaring that the National Agreements, rules and working conditions coming over from the war period are terminated at once; that the question of reasonable and economical rules and working conditions shall be remanded to negotiations between each carrier and its own employees; and that as the basis for such negotiations the agreements, rules, and working conditions in effect on each railroad as of December 31, 1917, shall be re-established.

In his address to Congress on January 4, 1918, President Wilson said:

The common administration will be carried on with as little disturbance of the present operating organizations and personnel of the railways as possible. . . . The War Labor Board declared that the war period was "an interregnum to be used by neither the employer nor the employee for the purpose of bettering or retaining the position of either. . . . To perpetuate as the normal rules and working conditions on the railroads the extraordinary provisions of the war period is a distinct violation of the foregoing promises. The war has now been over more than two years. The time has come when if the railways are to be efficiently and economically operated in accordance with the provisions of the Transportation Act, normal conditions of employment and of working conditions must be restored and increased efficiency of labor be secured.

The employees' organizations urged the Labor Board to rule that National Boards of Adjustment shall be formed to interpret the agreements made between the roads and their employees and that the jurisdiction of these Boards shall extend over all of the railroads of the country. The Board decided that this question was beyond its jurisdiction. In discussing this decision, Mr. Jewell said:

The Labor Board has decided that it has no jurisdiction as to enforcing the establishment of boards of adjustment. There can be no doubt, however, that the law is mandatory in requiring that such boards of adjustment be established, and if this Board has no direct jurisdiction and cannot indirectly bring about their creation they will have to be established by interpretation of the courts or by further action by Congress.

Mr. Whiter said in reply:

The law says that boards of adjustment *may* be formed—it does not say they *must* be; but it states how they can be formed. In the matter of the National Agreements and the negotiations the law also says, as we understand it, that the parties directly interested shall confer. As we interpret that, it means that the railroads, the individual railroads, and their employees will confer and negotiate with each other.

In discussing this question, Mr. Jewell said:

The reason the railroads have refused to establish boards of adjustment is that certain representatives of the companies realize that such action would strengthen the railway labor organizations by extending to them recognition on a national basis. Although the Transportation Act is based on railroad organization recognition, these representatives of the carriers aim to weaken or destroy organization. For this reason they refuse all general conferences or National Boards of Adjustment and confine their collective bargaining to individual railroads. A subcommittee of nine members of the Association of Railway Executives represents and proposes the policy of the entire transportation industry as to labor, but this committee refuses to make adjustments on a national basis with labor organization representatives and holds to the attitude that all conferences as to wages or working conditions shall

be by individual railroads. By centralizing their own bargaining power and decentralizing that of the organizations they hope to weaken the unions by attacking and crushing the local organizations.

In summarizing the statements made by the railway executives, in presenting their case, Mr. Whiter pointed out that the adoption of rule No. 2 in the National Agreements has resulted in the abolition of piece-work on all of the railroads of the country; and further said:

We have placed before the Board a compilation of exhaustive and comprehensive records of very careful studies of work performed on representative railroads of the United States on a piece-work basis compared with the day-work basis. An analysis of these records conclusively shows serious loss in productivity in shops of the railroads when working day-work as compared with piece-work; and reflects excessive costs to the railroads and consequently to the public when working on an hourly basis or under a guaranteed rate.

The studies and records presented to the Board were made on the following railroads: *Eastern Region*—Baltimore and Ohio Railroad, New York Central Railroad, and Pennsylvania Railroad; *Southwestern Region*—Chesapeake and Ohio Railway, Louisville and Nashville Railroad, and Norfolk and Western Railway; and *Western Region*—Chicago, Burlington and Quincy Railroad, Chicago and Northwestern Railroad, and Union Pacific Railroad.

These records demonstrated that the abolition of piece-work had resulted in a reduction of from 10 per cent to 50 per cent in the efficiency of railroad shops.

The employees' organizations have not yet made any formal reply to the statements of the railroads in regard to the effect of the abolition of piece-work. Mr. Whiter threw some light on what their reply would be, however, when he read into the record official circular No. 87 of the Railway Employees' Department of the American Federation of Labor, dated January 8, 1919, and signed by Mr. B. M. Jewell, president of the department. The following excerpts are taken from this circular:

Your prompt and decisive action on this question is of vital concern to the future of your organization. We have waited many years for this opportunity; let us not be found wanting. Do not be content with a majority vote; see that it is *unanimous* and that nothing is left undone on your part to make it so. This matter is now in your hands to be disposed of. Therefore, it behooves every man to be up and doing if we would successfully cope with the situation and effectively eradicate the last vestige of the accursed piece-work practice from every railroad in this country.

The employees' organizations will commence the detail presentation of their side of the present dispute on March 10.

The Transportation Act established the Railroad Labor Board as a permanent Federal agency for the regulation of railroad wages and working conditions. It authorized the Board "to establish rates of wages and salaries and standards of working conditions which in the opinion of the Board are just and reasonable." In discussing the powers of the Board, Mr. Jewell, spokesman for the employees' organizations, said:

The establishment of this Board by the Congress marks the most advanced effort which has ever been made to create machinery for the orderly settlement of industrial controversies. It has no parallel elsewhere in the world. None of the leading industrial nations, even the commonwealth of Australia, in this category, has ever attempted such an experiment.

The striking feature of the Transportation Act, however, which is without precedent, consists in the principles which underlie the act and which were designed not only as fundamental guarantees to railway employees but as mandatory standards or principles for the guidance of the Board in adjusting wage disputes. These principles really constitute

the first industrial code which has ever received legislative sanction in this or any other country.

This code is as follows:

"In determining the justness and reasonableness of such wages and salaries and working conditions the Board shall, so far as practicable, take into consideration among other relevant circumstances: 'the scales of wages paid for similar kinds of work in other industries; the relation between wages and the cost of living, the hazards of the employment; the training and skill required; the degree of responsibility; the character and regularity of the employment; and inequalities of increases in wages or of treatment, the result of previous wage orders or adjustment.'"

## Uncle Sam, Umpire

By CAROLINE B. SHERMAN

Of the Bureau of Markets

A COMMISSION merchant receives a car of peaches in bad condition. He knows that the sale will be unprofitable, but how can he convince the shipper that the price received was due to condition of fruit and not to neglect or unfairness on his part?

These conditions daily invite misunderstandings, disputes, and bad feeling in the handling of our food products. The concentration of population in large cities, the development of production in remote regions and the dependence on railroad facilities for the marketing of the large bulk of all farm and food products have practically done away entirely with the old friendly relation which once attended the simple barter between the farmer and the housewife.

Distance and intermediaries make for misunderstandings and, to those unscrupulous few who are looking for such chances, give opportunity for fraud.

"He won't believe my report when I give him reasons for the low returns," says the commission merchant. "I would really like to know just where the responsibility for that waste does rest," says the railroad official. "I'd like to get at the truth of that matter," says the shipper.

It is right here that Uncle Sam steps in as umpire—if he is invited. For the Food Products Inspection Service acts only on the request of a financially interested party. Inspectors are stationed by the Federal Bureau of Markets at twenty-five of the largest cities and about 155 more cities can be reached by them. One of these inspectors will examine any shipment in question, and furnish an accurate and disinterested report as to quality and condition in order to afford some basis on which the disputants can settle their differences promptly and with fairness to both sides. If an amicable agreement cannot be reached the law has provided that these certificates of inspection be accepted as *prima facie* evidence in all United States Courts.

The mere presence of an inspector will often ward off trouble. The probability of an inspection reduces the chance of sharp practice at either end of the shipment, which in turn will tend to promote a greater degree of mutual confidence among shippers, carriers, and commission merchants, a state of affairs greatly to be desired.

The inspector has no authority to say what disposition shall be made of any car under discussion nor to act as mediator in settling controversies or making adjustments, but his presence prevents unfair practices, and his services are available in the case of an honest difference of opinion.





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Tobacco Co., Durham, N. C.  
Durham Hosiery Mills, Durham, N. C.  
International Motor Co., Mack Plant, Allentown, Pa.  
Indiana Bell Telephone Co., Indianapolis, Indiana  
International Correspondence School, Scranton, Pa.



## Knowledge of Our Inherent Strength Overcomes Pessimism as Business Advances to Meet the Spring Season

By ARCHER WALL DOUGLAS

**N**OTHING is more significant and encouraging in the present situation than the widespread optimism as to better conditions gradually prevailing as the season progresses. It is an optimism founded on a knowledge of the inherent strength and soundness of the situation, and the consciousness that we are getting exactly what was coming after such a war, and that the remedies for its betterment lie largely in our own hands.

Also that in the not far distant future we will look back and realize how sweet were the uses of adversity. As a natural consequence of

The situation in industrial life is still dominated by the refusal of the consumer to make purchases of any moment save at lower than war prices. He, or she, especially she, is ready enough to buy at bargain figures. Otherwise, it is a waiting game with all the odds on the consumer, and no takers. This

attitude on the part of the consumer receives constant encouragement from the course of manufacturers, who gave reasons, accompanied with irrefutable logic, showing why it is impossible for them to make reductions in prices, but whose subsequent action reminded one of Julia in Byron's 'Don Juan': and

## Business Conditions, March 11, 1921

THE MAP shows at a glance the general condition of the country. It is prepared by Mr. Douglas as a weather map of business. The light areas indicate promising crops, industrial activity, the creation of new needs in home, shop, and farm—in a word, "high pressure" buying markets. In the black areas these conditions are lacking, for the time being. The shaded areas are "half way."



A very human and pathetic story comes from widely scattered sections of the actual realization of the almost forgotten slogan, "Back to the Farm." It is the recrudescence of that forever immortal parable, The Prodigal Son. The story of the adventurous boy from the farm, released from the army, alone in the great city, out of a job, weary, heart-sick, disillusioned for all time. Then coming to himself, he turns his face to that welcome that neither time nor neglect can ever chill. So farm labor will not be so scarce as a year ago, nor will the hired man command such wages. Also it now seems very sure that there will not be such acreages of staple farm products as last spring, for there is not the same incentive. Nor will the cost of production be so great. Thus the farmers' problem of the relation of his cost and selling prices seems likely to be solved by supply matching itself with demand.

Decreased production will ultimately tend to bring about higher prices, while decreased cost of production insures a better margin of profit. Which is the way the natural laws of trade take care of such problems, if we only give them a chance.

saying that "she'd ne'er consent, consented."

All are agreed that a general liquidation of war prices must precede a return to normal conditions. Yet there are still producers who seek to show that such readjustment pains apply to all save themselves. They are aptly characterized in a story, told by a well-known merchant at a great business convention in Kansas City, of two small boys endeavoring to ride the same hobbyhorse:

Finally Johnny, who was hanging on behind, said, "Willie, if one of us should get off, I could ride better." There are still Johnnies who hope to continue on their high horses, while Willies get down to earth.

It is a matter of supreme moment that there be a genuine revival of building this spring, but it will not come in any volume unless lower costs of labor and material permit such action.

While prices in many lines continue to decline, this does not seem to curtail buyings to the extent that was so signal a feature in all previous business depressions. This seems due, largely, to the entire absence of any fear of a financial panic, and, consequently, to any apprehension of "the bottom dropping out of things." The decline in prices is actually realized to be the only way out of an unnatural situation, and that, while



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Look directly at the source of light for, say, ten seconds, then away into a more or less dark corner. If the eyes carry away a sensation of brightness the light is too strong.

## Eliminating Glare

Avoidance of glare is one of the chief factors to be considered in selecting lighting equipment. Where there is glare there is sure to be eye-strain and consequent loss in productive man-power, whether it be in the office, the store, the big institution or the smaller shop.

Specular reflection, a form of glare resulting from light reflected by the polished surfaces of desks, glossy paper, etc., is particularly harmful since the eye is usually held to such surfaces for considerable periods of time.

A diffusion of the light rays is necessary to eliminate glare. Daylight is the perfect light because it is diffused light. Brascolite, by its combination of the two principles of light transmission—diffusion plus reflection at the source of light—almost perfectly simulates daylight and is the ideal light for eye-health and comfort.

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it is a painful process, it is none the less essential, and the sooner it is over the sooner we shall arrive at an enduring basis. Consequently, that those who are holding back and failing to take their medicine, are simply blocking the game.

Any intelligent understanding of the trend of prices, now as always, can be had only from an analysis of the different articles which compose the line. Three well-known index numbers gave figures of declines which ran from 6 per cent to 22 per cent. In other words, the results depend entirely upon the articles you select.

How fallacious this generalization is can be seen from consideration of the prices of building materials. At this writing, lumber is the only item of the great staples in the line which has shown a material decline. Whether building is cheap or not, as regards material, depends entirely, therefore, upon what you will use. Even in steel and iron products there is small comparison between the prices of basic materials and those of finished products.

Liquidation proceeds in an orderly manner

in all sections, though the consumer is still skeptical as to the speed with which lower prices filter down to him through the retailer. Resumption in industrial life is usually accompanied by reductions in wages. Farmers are gradually selling their products as they find a demand, or as necessity compels. Movements of corn and wheat are larger than generally supposed.

There is steadily growing interest in the European situation as the conviction deepens that there can be no permanent nor enduring prosperity in this country until the political and economic status of Europe rests upon a firm basis. In every productive activity in the United States of great moment we produce more than the domestic demand can possibly consume. So we must needs find a market for this great surplus if production is to continue on an efficient and economical basis.

Europe is our "best bet" in this regard, and will be so for a long time to come, because of her great consuming population whose need of the articles of everyday life corresponds largely to our own. Moreover, if

Europe is ever to pay the huge debt she owes us—which is extremely doubtful—we must take her goods largely in payment. Nor can we expect her to buy our surplus of production unless we resort to the elemental methods of barter and exchange and take her goods in return.

This necessity will have a profound effect upon the consideration of the tariff which is immediately upon us. We have already realized that it is strictly a condition, and not a theory, which confronts us. Those who are prone to believe that Free Trade is a basic principle in economics will probably realize that there must be consideration shown to certain domestic industries. Contrariwise, the sacredness of the protective tariff may be shorn of some of its force and prerogatives and no longer be regarded as the compelling cause of all our welfare and prosperity, including good crops, favorable weather, and the spread of intelligence and education. The coming tariff promises to be marked by common sense and a relation to pressing needs, if the voice of the thinking business world be given due weight.

# To Check Our Industrial Waste

Hoover names a committee of engineers which shall hunt down the lost motion in our production—standardization of basic products and tools one end to be sought

**T**HE American Engineering Council, under the leadership of Herbert Hoover, Secretary of Commerce, has started a movement of the greatest importance to American industry—a survey of industrial waste.

At the council's annual meeting at Syracuse, Mr. Hoover talked waste as a great national problem, and named the committee which is to carry on the inquiry. The subject reaches to the heart of so many problems of American business that most of this issue of THE NATION'S BUSINESS OBSERVATORY is devoted to a report of Mr. Hoover's address, the make-up of the committee, and the comment it has already aroused.

Here, then, are the salient points of Mr. Hoover's address:

The waste in our production is measured by the unemployment, the lost time due to labor conflict, the losses in labor turnover, the failure to secure maximum production of the individual, due either to misfit or lack of interest. Beyond this again is a wide area of waste in the poor coordination of great industries, the failures in transportation, coal and power supplies which reecho daily to interrupt the steady operation of industry. There are again such other wastes due to lack of standardization, to speculation, to mismanagement, to inefficient national equipment and a hundred other causes.

There is a certain proof of deficient production by comparisons of our intense results in 1918, when, with 20 per cent of our man-power withdrawn into the army, we yet produced 30 per cent more commodities than we are doing today. We are probably not producing more than 60 or 70 per cent of our capacity; that is, if we could synchronize all national effort to maximum production we could produce 30 to 40 per cent more commodities and service. Our national machine is today doing worse than usual, as witness the 3,000,000 idle men walking our streets.

The largest area of waste lies in the large periods of slack production and unemployment, due to the ebb and flow of economic tides between booms and slumps. The ideal would be steadily increasing production—an ideal of no likelihood of exact realization because of inability to ever gauge the advance in growth consumption or the approach of saturation.

## Nation's Business Observatory

**E**NGINEERS, led by Secretary Herbert Hoover, set out to stop our industrial waste.

The need for lessened railroad labor costs voiced by many business papers.

More sharp comment on recent bills armed to strengthen the Government's power over business.

Views on Government control from the papers published by the present and retiring Secretaries of Agriculture.

On the other hand, there are certain possibilities of stabilization worth consideration. For instance, we can classify labor into that engaged in production and service from this equipment. Our studies of industries as a whole show that we usually expand our equipment just at the periods of slack consumption. We thus make double demands on labor and we doubly increase unemployment in periods of reduced consumption. That is, indeed, one of the factors in our great unemployment today. Everyone knows that for our normal productivity our transportation facilities are today inadequate.

We know that we are insufficiently housed, insufficiently equipped in our public roads and our public utilities; that we need an entire revision of our power supply, that we need expansion of our waterways and yet armies of idle men are walking the streets. The reasons why this occurs are not far to seek, in that it is at times of high productivity that capital is most easily obtained. It is then that the necessity of increased equipment most impresses men's minds and it is the high hopes of these periods that lead them into the adventure of expansion.

Nor is it possible to expect that all industry could be so stabilized as to do its capital construction in periods of depression in commodity demand. Nevertheless there are some industries that could, by cooperation of the Government and cooperation among themselves, be led in this direction. More particularly does this apply to railways, telephones, telegraph power supplies and other public utilities, and to the expenditure upon our state, municipal and national public works.

The second largest area of waste in productivity

is the eternal amount of labor friction, strikes and lockouts. The varied social and economic forces involved in this problem need no repetition here. Fundamentally this is not alone a struggle for division of the results of production between capital and labor, but there is also a loss greater from strikes and lockouts in the element of purely human friction and loss outside the area of dispute on wages and hours.

Yet another variety of loss lies in the unnecessarily faulty distribution of our labor supply due to seasonal and to shifting demands. An adequate national employment service is indeed the first need to reduction of these wastes.

Probably the next largest fraction of waste in productivity lies in a too high degree of individualism in certain basic products and tools. In other words, a standardization of certain national utensils makes for economy in distribution, in operation and in repairs.

Nor do we believe it is necessary to effect these things by the Government. The spirit of cooperation that has been growing in our country during the last thirty years has already solved many things; it has standardized some things and is ripe for initiative toward cooperation of a widespread character. The leadership of our Federal Government in bringing together the forces is needed. No greater field of service exists than the stimulation of such cooperation. The first step is sane analysis of weakness and sober proposal of remedy. If the facts can be established to an intelligent people such as ours, action is certain even if it be slow. Our engineers are in unique position for this service, and it is your obligation to carry it forward.

In addition to Mr. Hoover, these are the members of the committee:

J. Parke Channing, mining engineer, of New York City, vice-president of the Federated American Engineering Societies, and member of the American Institute of Mining and Metallurgical Engineers, chairman.

Dr. Ira N. Hollis, president, Worcester Polytechnic Institute, Worcester, Mass., past president of the American Society of Mechanical Engineers.

L. W. Wallace, of Baltimore, member of the American Society of Mechanical Engineers, member and president of the Society of Industrial Engineers, treasurer of the Federated American Engineering Societies.

H. V. R. Scheel, assistant treasurer, Brighton





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L. P. Alford, editor of *Management Engineering*, New York, vice-president of the American Society of Mechanical Engineers, director of the Society of Industrial Engineers, and an authority on factory management methods.

George D. Babcock, manufacturing executive of Peoria, Ill., and author of "Taylor System in Factory Management."

F. G. Coburn, Bethlehem Shipbuilding Company, former commander in the Construction Corps, U. S. Navy.

Morris L. Cooke, consulting engineer in management, Philadelphia, member of American Society of Mechanical Engineers, Taylor Society and Society of Industrial Engineers.

Harrington Emerson, consulting engineer of New York, member of the American Society of Mechanical Engineers, and Society of Industrial Engineers.

E. E. Hunt, New York, formerly labor investigator for Clothing Manufacturers' Association, New York City, member of the Taylor Society and writer.

C. E. Knoepfel, industrial engineer of New York City, member of the American Society of Mechanical Engineers, and the Society of Industrial Engineers.

Robert Linton, Montana mining engineer, and member of the American Institute of Mining and Metallurgical Engineers.

Fred J. Miller, past president of the American Society of Mechanical Engineers.

J. H. Williams, engineer, of New York City, and member of the Taylor Society.

Robert B. Wolf, New York engineer, vice-president of the American Society of Mechanical Engineers, and a pioneer in the three-shift system of industry.

Col. S. E. Thompson, of Thompson & Lichtner, Boston.

W. R. Bassett, of Miller, Franklin & Bassett, New York.

Mr. Bassett will have charge of the work in the textile industry; Mr. Babcock in the automobile industry; Mr. Cooke in the garment industry; Mr. Knoepfel in the rubber industry; Mr. Miller in machine shops; Mr. Emerson in railroads and coal mines; Mr. Williams in printing plants; Mr. Wolf in the paper industry, and Col. Thompson in the housing field.

The *Electrical World* says that the lessening of waste is an engineering job, and adds:

The American Engineering Council has set itself the task of making a national survey of waste in industry and suggesting some practical plan for amelioration. It goes without saying that if the problem is approached in the proper spirit and the economic process as a whole considered, the study will be exceedingly profitable, more especially if it shall also reveal the best way of doing things as contrasted with existing methods. With a man like Herbert Hoover at the head of such a survey, the problem is certain to be handled in a big and broad way, with full recognition of the cost of reconstruction.

All waste is not uneconomic, and therefore many new and better methods are for the time being prohibited. Actual wastage in this country, however, is tremendous, and the American Engineering Council can, if it will, be the prophet of a new and infinitely better industrial era.

Speaking for its trade, the *Textile World Journal* says that the project is so broad and far-reaching that it seems as if its very magnitude might be its greatest handicap.

But unfortunately the vastness of the undertaking is balanced by the ability of the man in active charge. Herbert Hoover, who as president of the council has launched the movement, is known as a man who accomplishes things. His past record inspires the belief that he would not attempt the elimination of waste in industry if he did not consider it capable of solution.

With the depression in foreign exchange working to the advantage of European exporters, and with trade conditions in this country such as to indicate that a permanent outlet for surplus production is needed, manufacturers are faced with the urgent necessity of rendering their processes as efficient and inexpensive as possible in order to protect not only



## It's a Fact

—that up where the state of Washington bumps into Canada, an Injun squaw walked into one of our Redemption stations, redeemed a book of stamps, said something about "heep much good people," and then "hit the trail."

—that the **24** Green Stamps redeemed in three months time (612,642,674) placed end to end would extend over 8000 miles.

—that a well-to-do lady of the Central West says there are three bills she pays by the tenth of each month just as regularly as clock work; her gas bill, her electric light bill, and in order to get **24** Green Stamps, her department store account.

—that a merchant in Nebraska doing an 80% credit—20% cash business introduced **24** Green Stamps and now does an 80% cash—20% credit business.

—that at the present time thousands of merchants are paying millions of housewives a sound discount by means of **24** Green Stamps.

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their domestic business but such foreign trade as has been built up in the past. Every new departure has in reality been shaped with this single aim in view. In the last analysis, the agitation over the question of employer-employee relations has been based on a realization of the urgent need of best utilizing manpower. Cost accounting and checking of supplies have represented an attempt to conserve materials and equipment. Efficient methods in manufacturing processes have been devised in an attempt to eliminate lost motion. These are but a few instances. Practically every phase of the mill and merchandising ends of production must be considered in any broad attempt to reduce waste.

Mr. Hoover referred specifically to coal, and *The Coal Age* does not deny the charge. Commenting on the Hoover address, it says:

Herbert Hoover, in an address before the American Engineering Council, has brought to the attention of the American public a question of vital timely interest. It is one in which the coal trade can profitably interest itself because not only upon the stability of the industry but upon the stability of all industries hinges the prosperity of coal.

To any thinking man it is apparent that something vital is wrong. Yesterday industries were looking for men and the public was looking for commodities. Today men are looking for work and no one wants to buy. The profits of the high demand period are being eaten up by the losses of the low demand.

Mr. Hoover suggests some remedies for the evils as they are. Evils which have existed for centuries cannot be rectified overnight nor can they be solved by the mind of one man. In self-protection everyone should be studying the problem in an effort to do away with peaks: peaks in demand; peaks in supply; peaks in labor shortage and peaks in labor unemployment.

### From the Papers of an "Ex-" and an Incoming Secretary

THE opinions of cabinet members always carry weight. It may not be fair to infer that the opinions of periodicals controlled by cabinet members are of equal weight, but at least they are of interest. We welcome a new Secretary of Agriculture, and speed a departing one with two extracts on a matter of grave current interest: Government's power over business.

E. T. Meredith is no longer Secretary of Agriculture. He is still publisher of *Successful Farming*, which has this to say of price fixing:

A Government official devised a scheme for checking profiteering that for political reasons he dared not make public. Briefly it is to tax excess profits one hundred per cent.

The only real objection we see against it would be the fact that it is a Government price-fixing scheme. It would mean Government interference with business. But through the Federal Trade Commission the Government protects business against unfair competition. Why should it not protect the buying public against profiteers? Why should business be the only interest protected? The Interstate Commerce Commission fixes the freight and passenger rates. Why should not the Government fix the price of binders, twine, cement, overcoats, and what-not? The question is, have we gone far enough in Government control of business?

The new Secretary of Agriculture is Henry C. Wallace, editor of *Wallace's Farmer*, published in Des Moines, whence also comes Mr. Meredith's paper. Political gossip said the packers did not relish the Wallace nomination. Here is the view of Mr. Wallace's paper on the packer control bill:

Complaints against the big packers have been common for more than thirty years. The agitation has been most harmful, both to packers and producers. It would be to the advantage of both of them if this agitation can be stopped, and the producers feel that the only way to stop it is by the enactment of some such law as that which has just passed the Senate.

It has been a matter of surprise to us that the

# Are Your Shops Getting These Benefits?

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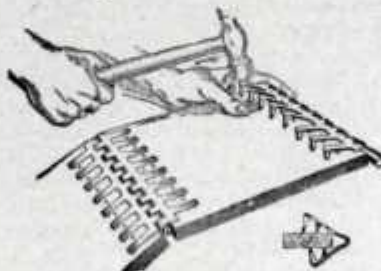
It is surprising in going from factory to factory and plant to plant to see the great variation in shop practices. Some are up to date and hustling. Others are doing things the same old way they learned from their fathers.

Take belt lacing for example. The leather thong which is neither economical, efficient nor modern, is still in use in many places. Its toll of good belting ruined, of time and money loss is enormous. Yet some shops ignore improved methods.

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ALLIGATOR Steel Belt Lacing can be applied in an average time of three minutes. Any average workman can produce a perfect joint. No tool or equipment but a hammer needed.

This lacing in hundreds of tests has been proved the strongest on earth. It is permanent. "Never Lets Go," and is supplied in sizes to fit any belt from tape to  $\frac{3}{4}$  inch thickness, thus permitting a plant to standardize on ALLIGATOR Steel Belt Lacing for all belting.

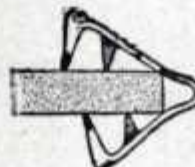


Nothing needed but a hammer to apply it—  
and you already have a hammer.

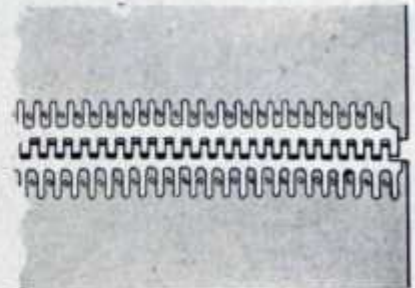
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Manufacturers of better grade belting have recommended ALLIGATOR for over ten years, for it lengthens belting service and avoids troubles common to thong and other lacing even when they are applied by experts.

With ALLIGATOR lacing, no holes are punched to weaken the fabric. No bump stretches the belt over the pulleys. No unevenness in tension can develop after the belting is laced. With ALLIGATOR joint, broken, flopping and wild running belts caused by uneven lacing are avoided. ALLIGATOR permits use of either face of the belting. It saves delays and expense for others amounting to hundreds of thousands of dollars annually. These features should appeal to you also.



Actual size of No. 25 Alligator for single leather or 4-ply fabric 3-16 to 9-32 thick. Note double staggered teeth.



Section of belting laced with "The Strongest Belt Lacing on Earth."

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ALLIGATOR Steel Belt Lacing is now in use in every industry in every machinery-using country in the world on millions of belts.

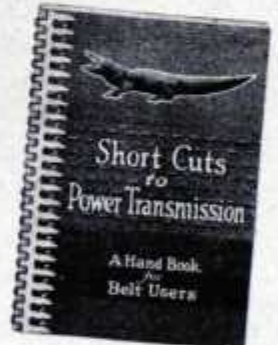
We are willing to make for you, or to permit made, competitive tests on the Strength of ALLIGATOR with any other lacing on earth. Investigate! Your plant needs ALLIGATOR. The proof is here.

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Let us send you one or more copies of this book. Look it over and then pass along to your shop foreman with your recommendation. It contains authoritative data on the selection, care and use of all kinds of belting, tables and simplified formulas for figuring out new installations and replacements, working out difficult drives according to modern practices, and also an illuminating chapter on belt lacing.

"Short Cuts" is in use in a number of nationally recognized Technical and Engineering schools, supplied to them upon request as the most complete practical book of the sort ever written.

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## There's a big farm market at your very door

While recognizing the importance of the farm market is, undoubtedly, a step in the right direction, it is, after all, only the *first* step.

And surely the live sales organization must, at this time, take *every* step, make the *most* of all its opportunities. Fortunately the principles involved in judging the advertising value of farm papers are clean-cut.

For, now that the destination of every advertising dollar must again be charted with more than ordinary care, these four simple principles have an increasingly important place in the selection of advertising mediums:

- (1) Every reader must pay the full subscription price—proving that he wants the publication for itself alone.
- (2) Strong reader confidence is best evidenced by the percentage of readers who renew their subscriptions year after year.
- (3) R. F. D. circulation surely comes first on a farm paper—by their very nature agricultural publications have very little appeal for the city reader.
- (4) The circulation must be concentrated in desirable territory.

On every one of these four counts, *Farm and Home* gives full value.

On count one: *Farm and Home* subscribers do pay the full price—without the inducement of free premiums, canvassers, contests or any other artificial stimulant.

On count two: Over 51% of the names on *Farm and Home's* subscription lists are renewals—the largest percentage of any National farm paper.

On count three: With over 80% truly rural circulation, *Farm and Home* tops every other National agricultural publication, with one hairbreadth exception.

On count four: *Farm and Home* covers the best twenty-eight states—states where ability to buy is coupled with ample transportation and distribution facilities.

Furthermore, *Farm and Home's* circulation is divided into individually edited Eastern and Western editions, so that you can, without waste, reach just those states where the advertising will be the most good.

*Farm and Home* maintains a Sales Research Service, which is at your disposal without obligation, in helping to determine what there is in the farm market for you.

Do you receive the tuneful house organette, "Inside Stuff"?—if not, ask to be put on the mailing list.



## FARM AND HOME

The National Magazine of Rural Life

PHELPS PUBLISHING CO., Publishers

DAVID R. OSBORNE, Advertising Manager  
SPRINGFIELD, MASS.

30 North Michigan Avenue, Chicago  
461 Fourth Avenue, New York  
Oneida Building, Minneapolis, Minn.

packers do not see this side of the matter. They are making the same mistake the railroad people made. They have been put to enormous expense through Government investigations of their business from time to time and through their efforts to prevent legislation. They are under constant threat of prosecution for one cause and another. It is surprising to us that they do not welcome reasonable legislation which would enable them to answer future criticism by referring to the fact that they are under Government supervision. That would be like coming from the angry seas of a storm-swept harbor into the smooth waters of a land-locked harbor.

### Cost of Railroad Labor the Concern of All Industry

THE hearings before the Railroad Labor Board, which are described elsewhere in this issue, concern not only the transportation industry, but business as a whole. There is a growing feeling that freight rates not only cannot be increased, but are now so high as to stifle trade. A secondary conclusion is that rates cannot be reduced except as labor costs are cut.

A view of the situation from the standpoint of another industry, and of value for the picture it gives of the proportion railroad labor bears to the rest of the working population, is presented in the *Iron Age*:

There is another aspect in which these quantities should be considered. The number of railroad employees, 1,950,000, is 1.85 per cent of the population shown by the census of last year. On the basis sometimes used of one worker to five of population, the proportion of population dependent upon railroad payrolls is 9.2 per cent of the total. The real proportion may not be altogether as high as that, but it is so great that a matter of political economy is involved in a large way. It is something of deep public concern. The public requires transportation, and good, serviceable transportation, but it requires many other things. It requires that food be produced, clothing made and fuel provided. It has been rightly said that rail transportation is a vital necessity, but so are many things. As a people we cannot spend an undue proportion of our time upon rail transportation. It is, therefore, necessary that efficient work be done by those whom we support as railroad employees.

Lumber feels itself particularly affected, for the bulkiness of its product is reflected in the bulkiness of its freight bills. The *Southern Lumberman* takes this pessimistic view of the situation:

The margin between the roads' revenues and their necessary expenditures must be increased. This is possible only through another advance in rates or by a reduction of wages. Both these remedies will entail far-reaching developments, as an economic disturbance of the first magnitude will necessarily follow the adoption of the first, while the second would be the signal for a strike which would produce temporary paralysis of the railway system.

If freight rates again be advanced, a step that is by no means beyond the realm of possibilities, the effect of such action upon the lumber industry will be too obvious for comment. Not only will the isolation of important producing areas from equally important markets be rendered complete, but a close utilization of forest products, represented in this case by the low grades, will be prevented by the action of prohibitive transportation charges. These results are, of course, in addition to the deleterious effect any factor calculated to increase the ultimate selling price will have upon the distribution of any commodity. Looking beyond the confines of the lumber industry itself, it is easy to see that freight rates can be advanced to a point where the commercial dismemberment of the Nation is threatened through limiting the scope of the leading industries, which are of necessity located near the supply of raw materials.

The *Price Current-Grain Reporter*, which begins by calling the creation of the Railroad Labor Board a "congressional blunder," goes



on to plead with the board to save the Nation:

The Board has a total membership of nine—three members chosen by railroad labor, three by railroad managements and three directly by the President to represent the public. The last three have the final word, since the law provides that there shall be at least one vote from the public group on any decision, so that for the first time in railroad regulation in the United States the public is not only represented, but through its representatives seems to be able to wield the deciding vote on all questions decided by the Board. Five votes will rule. If the representatives of the public truly represent the public, the public will be as safe, since both labor and employers are themselves a part of the public.

The effect of the present standard of railroad wages on wages in other industries is discussed by *Engineering News Record* in an editorial directed particularly at contractors:

There is an aspect of the railroad working agreements and of railroad wages on which sufficient emphasis has not been laid, namely, that they are a disturbing element to every single industry. Railroad wages were standardized for the whole country during the war, and the wages for a given duty were fixed in order to be adequate to the living expenses in our largest cities. As a consequence, the railroad employees in smaller communities find themselves enjoying wages in excess of the prevailing rate. Naturally, railroad wages, having Government sanction, are used as an argument for resisting wage decreases by other workers and thus constitute a disturbing and seriously conflicting element in the wage deflation that must, if a proportionately high efficiency cannot be obtained, be deflated with living costs. In this way railroad wages are of very direct concern to every industry. Contractors will probably feel their pressure when work opens up.

It is not to be expected that the railroad wage levels will be successful in preventing declines in all lines, but they will be a constant source of soreness among workers and of friction with employers. In the long run railroad wages cannot stand materially above the general level, but, fortified by national agreements made by an administration notorious for its indulgence toward the railroad employees, they will present a strong resistance to recession.

*The American Metal Market* adds to the discussion this presentation of railroad figures from the standpoint of the average family:

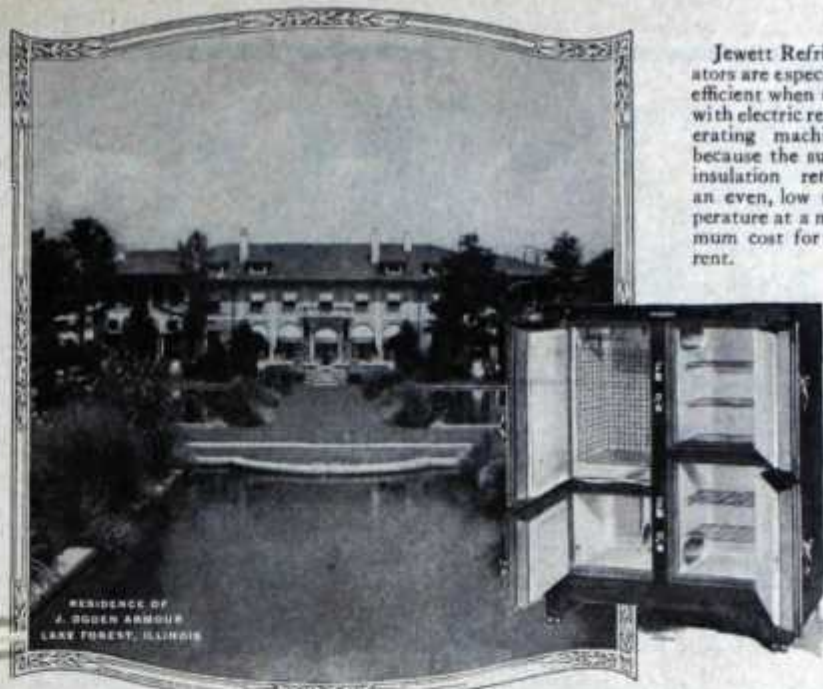
The railroad payroll stands at about \$3,600,000,000 a year. The payroll has to be met as long as it exists, bills ought to be paid and interest and dividends earned, while after that would come expansion in railroad facilities. According to last year's census of continental United States the \$3,600,000,000 payroll is \$34 per capita, or \$170 a year per family of five. Now the family needs various things, including shoes, bread, hats, candy and many other things, which involve quite a lot of labor in the production. Can the family budget be made to cover, simply against transportation, \$170 a year for the railroad payroll, plus other railroad expenses, plus interest and dividends, plus expenditures for miles of new lines, miles of second, siding and yard track, locomotives, cars, and nearly one-third of all the coal produced in the country?

If the public can stand this, well and good, but it looks decidedly as if it cannot. If it cannot, then the present desideratum is not to reduce freight rates, whereby even the railroad payroll could not be met, but to reduce the payroll.

The preliminary decision of the Railroad Labor Board which refused "immediate termination of existing rules" and denied the request of the railway executives that the ruling which "fixed wages for unskilled labor be set aside and the prevailing rate of wages substituted" has been hailed by labor as an important victory.

Such papers as *Railway Age* do not regard it as a blow to the employers. The *Age* prints this comment on the ruling:

Railway employees opposed the passage of the labor provisions of the Transportation Act. They sought at the national election the defeat of every



Jewett Refrigerators are especially efficient when used with electric refrigerating machines, because the super-insulation retains an even, low temperature at a minimum cost for current.

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Vincent Astor  
Richton, N. Y.  
L. C. Tiffany  
Cold Spring Harbor  
E. J. Marshall  
Pasadena, Calif.  
R. Reading Horton  
New York  
Guernsey Curran  
East Norwich, L. I.  
Cornelius Vanderbilt  
New York  
Mrs. L. F. Lott  
Beverly Farms, Mass.  
Wm. Fahrensack  
Katonah, N. Y.  
Mrs. W. L. McKen  
Bristol, R. I.  
Samuel Mather  
Cleveland, O.  
Mrs. R. H. Townsend  
Washington  
George Eastman  
Rochester, N. Y.  
John D. Rockefeller  
Piscataway Hills, N. Y.  
William R. Cox  
Oyster Bay, L. I.  
Sir Mortimer D. Davis  
Montreal  
John D. Rockefeller, Jr.  
New York  
Sen. W. A. Clark  
New York  
Joseph Lefter  
Washington  
Charles M. Schwab  
New York  
J. Ogden Armour  
Lake Forest, Ill.  
A. J. Liebstern  
Glenview, Ill.  
Mrs. John Hay  
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John Gordon  
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Write for this book

Owing to the present shortage of skilled domestic, many households of necessity employ unskilled assistants who have no idea of the proper use of a refrigerator. We will gladly send without charge our illustrated booklet, which gives detailed instructions on this matter.

## Behind the Scenes At Home—What?

You give careful attention to the industrial welfare of your employees. You employ the best and most modern equipment in your office and factory. But what about conditions at home? Do you really know what kind of a refrigerator you have? Does it preserve your food safely? Are you certain the servants always keep it clean?

And yet refrigeration plays even a more vital part in the health of your entire family and your own business efficiency than the heating, plumbing or ventilation of your home. This is a problem which deserves your careful consideration.

The Jewett Refrigerator has a one-piece seamless white china lining  $1\frac{1}{4}$  inches thick in both the ice and food compartments, which makes it the most sanitary refrigerator in existence.

No other refrigerator has such a lining. Indeed, this porcelain crock alone costs more than many complete refrigerators. Its superiority is obvious—no dirty cracks nor germ-breeding corners; absence of odors and great ease of cleaning. The so-called porcelain

linings of other refrigerators are merely enamel-painted or baked on thin sheet metal.

The Jewett walls are insulated with two layers of pure sheet cork over 2 inches thick, reinforced by two layers of  $\frac{3}{8}$ -inch tongued and grooved lumber—in all,  $5\frac{3}{4}$  inches of the most efficient insulation obtainable, which really locks out the heat.

The names on the left are those of only a few of the many prominent Americans who have chosen the Jewett for their homes. If you appreciate at its true value the protection to health, the economy and the satisfaction of thoroughly dependable refrigeration in your home, we invite you to write for descriptive literature.

We also furnish special refrigerators built to meet the requirements of kitchens in industrial plants, hotels, clubs, hospitals, etc. Let us solve your refrigeration problems.

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BUFFALO, NEW YORK. Established 1849

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# JEWETT

SOLID PORCELAIN REFRIGERATORS





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An L. B. Card record desk is the centre of modern business system.

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As you see, an L. B. Card record desk is a combination desk and card file. 16,000 to 24,000 cards right under the eye—within arm's reach. And your clerk works *seated*—at ease. Thousands of steps and hundreds of minutes saved daily.

This desk proves its real value under present-day conditions. It will help you keep costs *down* by keeping efficiency *up*.

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 Birmingham, Vault Floor, Jefferson County Bank bldg.  
 Bridgeport, 99 Main street  
 Buffalo, 135-137 Pearl street  
 Cleveland, 240 Superior arcade  
 Columbus, 20 South Third street  
 Denver, 454-456 Gas and Electric bldg.  
 Des Moines, 203 Hubbell bldg.  
 Detroit, 1419 Washington Blvd.  
 Fall River, 25 Bedford street  
 Hartford, 78 Pearl street  
 Houston, 1114 Texas ave.  
 Indianapolis, 113 Merchants Bank bldg.  
 Kansas City, 515 Osborn bldg.

Louisville, Ky., 505 Republic bldg.  
 Milwaukee, 429 Casswell block  
 Minneapolis, 429 Second avenue, South  
 New Orleans, 512 Camp street  
 Newark, N. J., 21 Clinton street  
 Pittsburgh, 627-629 Oliver bldg.  
 Portland, Me., 465 Masonic bldg.  
 Providence, 19 Westminster street  
 Richmond, 1225-24 Murus bldg.  
 St. Louis, 605-13 Arcade bldg.  
 St. Paul, 131 Endicott arcade  
 Scranton, 409 Connell bldg.  
 Springfield, Mass., Whitney bldg.  
 Syracuse, 401-407 Gurney bldg.  
 Toledo, 430 Spitzer bldg.

Washington, 743 15th street, N.W.  
 Worcester, 317 State Mutual bldg.  
 Distributors  
 F. W. Westworth & Co.,  
 San Francisco, 539 Market street  
 Seattle, 108 Cherry street  
 Oakland, 304 Thirteenth street  
 McKee & Wentworth,  
 Los Angeles, 440 Pacific Electric bldg.  
 Parker Bros.,  
 Dallas, 125 Field street  
 C. G. Adams,  
 Salt Lake City, 204-206 New bldg.

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member of Congress who voted for it. Now, in a period of declining prices and wages, they are finding and using it as a protection to them. But for the labor provisions of the Transportation Act, practically all the railways of the country would today be paying much less for unskilled labor than they are. It is to be hoped that in future, when the Transportation Act may serve as a protection to the railway companies, the employees will not forget the benefits they are now deriving from it.

Meantime, it is highly desirable that the railway companies shall comply with all the provisions of the Act, in letter and in spirit. While it is now protecting labor, the time will come, if it is not broken down, when it will protect the railways. It would be very unfortunate if the railways in the present period of stress should break it down and thereby deprive themselves of the protection which, under different conditions, it would afford to them. The railway companies should be at least as consistent and law-abiding as they demand that labor shall be.

The *Railway Review* presents a view of the case based on the situation of the Atlanta, Birmingham and Atlantic Railway which set up a special case of inability to pay the wages set up by the board. On this point the *Review* says:

From the standpoint of the board, the decision that the financial ability of a railroad to pay cannot be taken into consideration in an application for readjustment of wages is a consistent one. Similar questions put up to courts, where railroads were being operated under receivers, have usually been decided in that way, namely, that the burden of the financial disabilities of a railroad company should not be put upon the employees. Moreover, the unions have announced that if the financial resources of the Atlanta, Birmingham and Atlantic Ry. were to be taken into consideration in the case at hand, they were eager to show that, on the same line of reasoning, they could demand that one of the more prosperous roads, like the Delaware, Lackawanna & Western R. R., for example, be required to meet an increase of wages. The significance of this whole question is really greater than most people are probably aware of, for it is the best kind of a demonstration that the profit-sharing plan, over which so many people became enthusiastic a year ago, is never expected to work both ways.

### All Industry Warned of the Menace of "Regulation"

THE contention that the packer and coal legislation, now sleeping but not dead, was the concern not of the interests directly involved but of every business, finds much support. The minority report of Senator Gay, of the Calder Committee on Reconstruction, contains this striking clause:

I certainly am not aware of any peace-time authority which Congress has to determine prices of commodities or to authorize the executive department to fix and regulate prices of commodities or margins of profit whenever an emergency shall be declared to exist. There is no telling what interpretation will be placed upon the term "emergency." There would be a great temptation for consumers—particularly large consumers—to interpret the term very liberally, perhaps, at any time that the price did not suit them. If adopted, I believe it would prove the entering wedge for a widespread system of attempted Federal regulation of the lumber, wheat, cotton, oil, metal, mining, iron and steel manufacturing, and other industries, which is repugnant to every principle of American institutions since the foundation of our Government.

The peril to the leather industries from the packer measure is pointed out by *Shoe and Leather Reporter*, which urges the men of its trade to bestir themselves in opposition:

The Calder bill would give the Government absolute control of the coal trade from the mines to the consumer, and the live stock commission idea would put under Government management every industry growing out of the sale and slaughter of cattle. This would include tanning and shoe manufacturing as well as perhaps hundreds of other industries. In



view of the havoc political control always causes when applied to business affairs, one can realize the deplorable state our trade of leather and shoes would be thrown into if these socialistic bills are permitted to pass. Every tanner and shoe manufacturer owes it to himself and the industry to help to create a healthy public opinion which will oppose all attempts to turn private business over to political domination.

The *Coal Trade Journal* warns its neighboring industry of lumber:

Accused of making coal the legislative goat when the flour man, the shoe man, the milkman and other suppliers of the so-called necessities of life are untouched by proposals for fresh Federal restraint, proponents of the Calder bill answer that coal is only the starting point. Doubt that that assertion is more than a mere rhetorical flourish is removed by the announcement that the same committee that sponsored the Calder bill has ordered an investigation into the lumber industry.

These are all facts of public record. In the face of them, how can the business man who prizes his own independence hide in a fool's retreat and comfort himself with the vain belief that what affects the meat packer, or the lumber man, or the steel mill or the coal trade is no concern of his?

*Coal Age* doesn't believe that the public is enthusiastically behind Senator Calder, as the Senator appears to think. It calls attention to the fact that England has relaxed coal control at a time when we are talking of it, and then says:

Senator Calder has stated that he has received ten thousand letters on the coal question and leaves us to infer that they are all commending his bill. If those he read into the record of the Committee on Manufactures are true samples, what he has received are protests against high prices and poor quality of coal. The writers have no conception of his method to remedy their troubles. He has stated that he now considers that his bill needs considerable revision, and as the most recent hearings have gone forward it is becoming evident that what is wanted is not regulated price but coal.

### Is This the Time to Scrap the Personnel Department?

IS THIS the time to cut down on work which aims toward a betterment of industrial relations? The *Iron Age* reports a tendency to do away with personnel work, which it admits was adopted by many as an "expedient" in 1919 and 1920. The employer's contention is now that economy is the crying need and that worker-efficiency is increasing without stimulation. The argument, says the *Iron Age*, is specious but not convincing and it urges a continuance of such department.

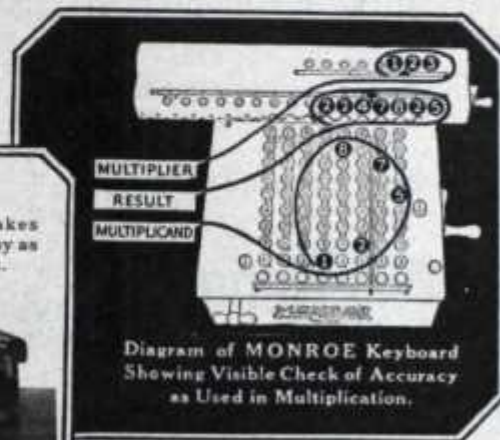
If there is need of a better understanding by employees of the economic principles underlying modern business, but would be well to have educational work in that direction go on continuously. If contact between management and workmen was desirable when the plant was full of work, it is desirable now when labor-union leaders are sending the word out to employees that their employers are trying to take an unjust advantage of them. There are companies, not a few, which set out some years ago to establish a better understanding with their men and have kept on in that endeavor, with no thought of making the relation merely a fair-weather one. The plants of these companies are affected by the depression just as others are, but if there has been sincerity in the effort carried on heretofore, there will be more give and take in these months of slack work and less of the spirit of "let him take who can." The fact that pessimism will be fashionable for some time in respect to industrial relations work should not mean the loss of all that has been built up patiently in good times and bad. The autocratic unionism that fastened so many uneconomic restrictions upon industry during the war and since, and that thrives on division between employers and employees, would be well pleased to see every plan for local cooperation in industry go on the scrap heap. That fact should give the pessimists food for thought.

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The Monroe makes all figuring as easy as turning the crank.



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The Monroe's visible proof of accuracy makes re-checking unnecessary. It allows you to see as you go that your answer is *correct the first time*.

Take this typical problem: Find the cost of 182½ items at \$1.23 per item. You set the first number on the Monroe keyboard, give the crank a few quick turns forward and—there's

your answer—\$224.78½. All factors of your problem are in plain sight (see diagram above).

The Monroe assures the same *first-time* accuracy in speeding out invoices, payrolls, cost figures, chain discounts, estimates, engineering formulae, percentages, etc.

The Monroe "Book of Facts" contains 24 pages on the subject of saving time and money in handling figures. The coupon below makes it convenient to obtain a copy. Simply tear out and send today.

### "The Visible Check Makes Re-checking Unnecessary"

The Conklin Pen Mfg. Co., Toledo, Ohio, writes:—

"We find the Monroe Calculating Machine extremely simple to operate, and the Visible Check enables the operator to check his work at all times—re-checking is unnecessary. Without the Monroe at least one and possibly two additional employees would be required."

Send this coupon today. It will be referred to the office nearest you—and there are over 100 offices rendering Monroe service in the United States and Canada.

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Without obligation send us a copy of Monroe "Book of Facts."

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N. B.-4-29



# Shall I Build Now?

Have prices of building materials reached bottom?

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Shall I build now or wait?

## Babson's Reports

Recent Barometer Letter outlines coming conditions for you. With this information every person contemplating industrial, residential or investment building can see what's ahead in the building industry and govern himself accordingly.

### REPORT ON REQUEST

This Letter and Booklet—"Increasing Net Profits," will be sent to interested executives without charge. Clip out the Memo—now—and hand it to your secretary when you dictate the morning's mail.

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Statistical Organization**  
Wellesley Hills, 82, Mass.

*The Largest Organization of Business  
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### Memo For Your Secretary

Write Roger W. Babson, founder of The Babson Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me a copy of Special Bulletin Q41, and Booklet, "Increasing Net Profits,"—gratis.



## The Chamber Convention

More business methods in Government; less Government management of business, will be the theme of the Atlantic City meeting

THE general theme of the Ninth Annual Meeting of the Chamber of Commerce of the United States, to be held at Atlantic City, April 27 to 29, will be: "In the public interest—more business methods in Government; less Government management of business." This announcement is made by the Chamber in making public a tentative program for the convention.

All of the questions to be brought before the meeting will be approached as they relate to the general subject. Speakers will include Government officials and leading business men in many lines of finance, commerce, and industry.

Much of the work of the convention will be done, as heretofore, in group sessions. Groups representing the major divisions of business will take up, first—problems peculiar to the industries or interests within the group; and second—major problems common to all business, which will include the question of the tariff and that of taxation.

The program for the meeting marks a new departure for the Chamber, in that groups will discuss questions of a more general nature than those affecting solely the industries within the group. The purpose of this is to get the fullest and freest discussion on broad general problems that touch various phases of business differently. In a membership as comprehensive as that of the Chamber there is always a difference of viewpoint on important questions. The group arrangement, as planned, gives related industries the opportunity to express their views. Afterwards, the Chamber, if it is considered necessary, can take a referendum vote of its membership on the questions considered and get the opinion of business as a whole.

On the day before the convention opens there will be a meeting of the National Council of the Chamber, made up of one representative from each of the more than 1,400 organizations included within the Chamber's membership.

In the first day of group meetings, the group representing Domestic Distribution will discuss current price declines and their effects, constructive means for better marketing by produce exchanges and boards of trade, and methods of merchandising which will enable the distributor better to meet conditions of financial stringency.

Treatment of wages, contract cancellations, better accounting methods, and the need of national statistics on production will be taken up by the group representing Fabricated Production. The Finance Group will have before it matters connected with the Government's fiscal policy, taxation, including the proposed turnover tax, reorganization of Government operations, and the question of the Government's future policy with respect to rediscount rates.

The group on Foreign Commerce will discuss foreign trade matters, including in its program such subjects as these—the work of national foreign trade conventions, foreign trade work of national trade bodies, foreign trade work of Chambers of Commerce, foreign trade work of banks, railroads, and express companies, and the operations of foreign trade clubs. The aim here is to give an opportunity for an interchange of information as to the most approved methods of

extending and prosecuting foreign trade effort. In connection with this group a meeting will be held for foreign trade organization secretaries.

The Insurance Group will discuss, among other things, private initiative as against State monopoly in insurance; insurance as a credit factor and the relations between Government and insurance.

Recent agitation in Congress looking to the enactment of legislation which would provide for Government management of basic industries will furnish the subject for discussion in the Natural Resources Production Group, where the main subject will be the Government's relation to natural resources, including lumber, coal, and oil. Another subject which will be taken up by this group is that of the proper activities of trade associations.

Transportation and communication will be considered under two groups; the first having to do with shipping, and the second, railroad transportation. The subjects to be taken up by the Shipping Group are the sale of Government-owned ships, the continuance of the Shipping Board and its functions as an operating organization, and differentials in cost of operation under various flags. The Railroad Transportation Group will go into a report by the Chamber's Railroad Committee, the present financial situation of the railroads in relation to plans for consolidation, and the shippers' part in rate making.

The Civic Development Group will discuss "The Schools and Social Unrest."

When the groups meet to take up the subjects of taxation and the tariff each group will consider, with relation to taxation, these questions: Should there be an increase in the income tax? Should there be a sales tax? Should there be a resort to loans? With regard to tariff policies these questions will be gone into:

Should the tariff be framed with due regard to export trade sales or the protection of manufacturing in the United States?

Should the fact that we are now a creditor nation alter our tariff policy with respect to protection?

Should the United States tariff offer trading or bargaining possibilities for international commercial treaties to encourage our export trade?

Should the United States tariff be liberal in its provisions in view of our desire for liberality of tariff on the part of other countries?

Taxation and tariff policies will be discussed also at one of the general sessions of the meeting. Other subjects which will be gone into at the general sessions include foreign financing, the International Chamber of Commerce, education, international relations and the relations of Government and business.

Here is an outline of subjects to be considered:

### GOVERNMENT AND BUSINESS

The Government's Fiscal Policy  
Reorganization of Government Operation  
Taxation  
Tariff Policy  
International Relations

### RAILROADS

Financial Condition in Relation to Plans for Consolidation  
Shippers Part in Rate Making

### SHIPPING

How Can the Shipping Board Be Constituted So That It May Function Efficiently?



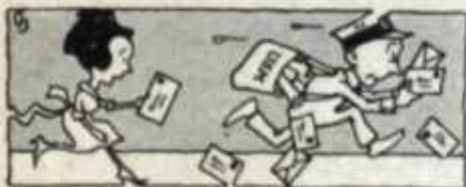
- Sale of Government Owned Ships.  
Differential in Cost of Operation under Various  
Flags
- NATURAL RESOURCES**  
The Government's Relation to the Nation's  
Natural Resources. Lumber—Coal—Oil.
- INSURANCE**  
Government and Insurance  
Private Initiative versus State Monopoly  
Insurance as a Credit Factor
- FOREIGN COMMERCE**  
Trade Relations between Canada and the United  
States  
National Foreign Trade Conventions  
The Manufacturer's Interest in Foreign Trade  
Work  
The Relation of Banks, Railroads, and Express  
Companies to Foreign Trade
- FINANCE**  
Policy in Respect to Rediscount Rates  
Foreign Financing
- PRODUCTION IN INDUSTRY**  
The Relation of Wages to Production and Sales  
Overhead or Burden in Cost—Its Proper Treat-  
ment in Stabilizing Prices  
Production Statistics—A Great Need in Industry
- DISTRIBUTION**  
What Is Likely to Happen in the Period of Decline  
Better Marketing by Produce Exchanges and  
Boards of Trade  
Methods of Merchandising to Meet Conditions of  
Market Readjustment
- EDUCATION**  
The Schools and Social Unrest  
The Public Schools and Citizenship  
The School and the Home—the Immigrant  
Family
- ORGANIZATION ACTIVITIES IN RELATION  
TO GOVERNMENT**  
The International Chamber of Commerce  
Legitimate Activities of Trade Organizations  
Foreign Trade Work of Organizations

## Business and Human Beings

By FRED C. KELLY

EVERY big advertiser should bear in mind that human beings have both natural and acquired impulses and may be reached through either. To illustrate:

A dog will chase a rat without being taught to, because that is a natural thing for a dog to do. But it will not be afraid of a whip or a stick until it has been hit with it. Many advertisements appeal to us because of some habit of mind that we have been educated up to, and others through some basic human motive that we have had since we first began to walk erect. One kind of appeal isn't necessarily any better than the other. But, if I were an advertiser, I would feel that I wasn't operating very scientifically unless I knew by which method I was seeking to catch a reader's interest.



Many a man acquires a reputation as a "hustler," on account of a habit of poorly organized physical activity. People usually assume, too, that the hustler is bound to make a big success.

The truth is that the average hustler, who merely darts about like a cricket on a hot stone, doesn't amount to much. I recall a letter-carrier in my native town whom

"Our Dictograph System is working beautifully, and we would not be without it for many times its value."

Read the rest of the letter.



### The Coca-Cola Company

SEVEN-FLOOR BUILDING  
ATLANTA, GA.

Oct. 2nd, 1920.

Mr. E. E. Latham, Pres. & Gen'l Manager,  
Dictograph Products Co., New York, N. Y.

My dear Sir:

May we take pleasure in replying to you our great satisfaction with the Dictograph?

We have a Dictograph system installed and in operation at the home office of this Company, here in Atlanta. We do not well see how we could do without it for the reason that our offices are on three separate floors and the various Dictograph machines are located at considerable distances from the office.

With the Dictograph we have found it possible to communicate with any person in department without the loss of a moment's time. In fact, the executive heads of the organization find that the various departments are practically at their fingers' ends.

We are very enthusiastic about the system. It saves a great deal of time for us and has been the means of shortening the work of all departments at that various efficiency counts. Our Dictograph system is working beautifully, and we would not be without it for many times its value.

Yours very truly,

W. E. LATHAM, President

W. E. Latham, President  
Dictograph Products Co., New York, N. Y.

## "Distant Departments at our Fingers' Tips"

THE Coca-Cola offices are spread over three floors of their large Atlanta building. Each floor crowded with busy departments that transact a tremendous amount of routine business every day.

Without some dependable means of intercommunication the various departments would be practically isolated from each other, and it would be impossible for them to function efficiently and profitably.

The Dictograph System has knit all of the Coca-Cola departments into an harmonious, closely co-operating organization. In addition, it has:

- Speeded up routine.
- Eliminated noise, delay and confusion.
- Promoted team work.
- Increased general efficiency.

The Dictograph System of Interior Telephones provides direct and instantaneous communication between persons and departments, regardless of the distances between them. The Dictograph Loud Speaking Master Station on the executive's desk gives him right of way over the system and complete executive control over every unit of the organization.

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Please Attach to your Letterhead R. 2-2-21



# INTERNATIONAL BUSINESS MACHINES

**A**MERICAN business at this moment shows a good bill of health. If there were a real fundamental weakness in our system, the past five years would have searched it out. We have successfully survived an economic crisis which has prostrated many other great powers.

A mere yesterday ago the full energies and capital of the continent were on the battle line. Trade and commerce, farm and factory, were military conscripts, all the important plants and shops designed for peace were purveyors of fighting equipment.

Time knows no miracle of adaptability comparable to America's instant transformation from a worker into a warrior.

Work was the secret! How was it done? With Yankee notions—with inventiveness—it was our do-it-by-machinery—it was our marvelous tools—time-saving, man-sparing, record-keeping, error-preventing, waste-checking, bungle-proof devices which enabled one pair of hands here to do as much work as two pairs over yonder.

American thinkers and workers were already provided with the means to double old world standards of output. We were habituated to the use of typewriters, *Time Recorders*, *Cost Keeping Machines*, adding machines, *Computing Scales*, *Counting Scales*, *Heavy Duty Scales*, *Meat Slicing Machines*, coffee grinders, cash registers, billing machines, *Tabulating and Sorting Machines*, check writers, dictaphones, addressing machines, loose-leaf binders and filing devices, multi-graphs, mimeographs, and the many kindred products which made adepts out of beginners in the space of hours, relieving human shortages and in no small measure contributing to allied victory.

Without these man and time savers prosperity would be a deferred hope today. The business machines that so swiftly transformed

the United States into an arsenal and Quartermaster's Depot, now make it possible to take stock at once, to strike balance sheets immediately, to make swift and accurate surveys of trade conditions, secure statistics, and carry on at peak capacity.

Now, past experience is serving peace and plays a momentous part in better business administration, helping America to profitably adjust present problems by reducing cost wherever goods are made and sold, saving minutes and speeding production.

No matter how small or vast your undertakings are, these same devices will help you make more goods for less money and sell more goods at less cost.

If you are a proprietor or a manager, let us show you how to increase the efficiency of your staff. If you are an employee, let us send you information and data covering the scope of our utilities, so that you can demonstrate to your concern how it may operate with greater profit, thereby proving your own fitness for a bigger responsibility.

Whoever you are and whatever you do, realize that America carries no burden beyond her strength.

Our resources are far greater than our obligations. Practically all the spending money of the world is in our pockets. The factories that have shut down or limited their output will return soon to full operation. Costs of living are dropping daily; our home market is impregnable; civilization at large must indefinitely buy from our counter before most of the great powers are even partially self-sufficient again.

This corporation is one of the most vigorous optimists in the land because its optimism is inspired by records and statistics.

The worst is over—the best is coming—prepare for better business.

## COMPUTING—TABULATING—RECORDING COMPANY

NEW YORK CITY

DAYTON MONEYWEIGHT SCALE COMPANY }  
INTERNATIONAL SCALE COMPANY } DAYTON, OHIO

THE TABULATING MACHINE COMPANY  
NEW YORK

INTERNATIONAL TIME RECORDING COMPANY  
NEW YORK

In Canada: INTERNATIONAL BUSINESS MACHINES CO., LTD.  
TORONTO, ONT., CANADA



everybody regarded as a live wire. He never walked except on the verge of a run. Seemingly he was the fastest man in town at delivering mail. Yet he was in truth the slowest.

He hustled so much—with his legs instead of his head—that he was constantly obliged to retrace his steps to remedy mistakes, and this kept him hustling more than ever. Most of the great executives are not "hustlers" but are quiet and easy-going. They accomplish things not by being excessively "busy" but by refusing to get excited.

From the circus we learn this about advertising—that even an enterprise which deals in frivolity cannot afford to be undignified in its printed matter. The advertisements on the billboards and in the newspapers may abound in high-sounding phrases and exaggerations, but never is there a departure from dignity. Slapstick stuff in a circus advertisement—as in any other kind—would probably be fatal.



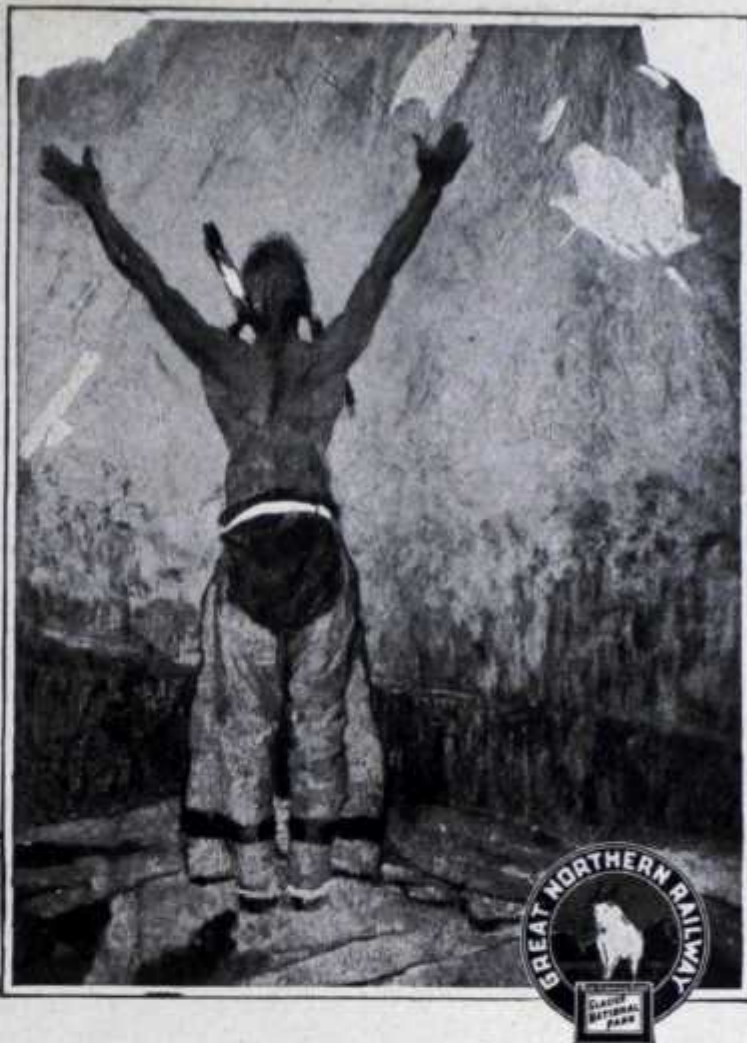
In a small New England town I met a druggist who makes a specialty of selling postage stamps. He says that retailing two-cent stamps for two cents each is the most profitable line in his store. These sales would be extremely unprofitable if he handled stamps grouchily or grudgingly, saying by his manner: "Whatta you mean by bothering me to sell you postage stamps?"

But he has signs in his window telling that he has plenty of stamps, and makes a special effort to be more pleasant and accommodating and gracious about a stamp sale than at any other time. He has attracted thousands of permanent customers in that way. "A new customer is worth many dollars a year," he observes, "whether the thing that first brought him in is postage stamps, cigars or whatnot. So having enticed him in, why should I do anything to make him sorry he came?"

A woman who is one of the most successful chiropodists in New York always wears low-heeled, roomy shoes at home or on the street, to avoid having corns. But at her place of business she invariably wears the most extreme French-heeled, pointed-toe slippers she can find. Because she knows it is good business psychology to give her customers to understand that with her feet properly looked after, she can wear any kind of shoes she desires.

### To Aid Our Foreign Trade

THERE is set forth below a matter-of-fact announcement by the Second Assistant Postmaster General to postmasters throughout the United States to the effect that Bolivia, Colombia, the Republic of Honduras, Nicaragua, and Peru have agreed to put into effect, commencing February 1 of this year, before actual ratification, the provisions of the special postal convention concluded at Madrid in November, 1920, by which United States domestic rates on letters, postcards, newspapers, and periodicals of the second class will apply to such mail addressed for delivery in those



# Glacier national park

Come out to the West, where the mountains call, and play mid nature's grandeur. Throw out your chest and thrill with the very joy of living. The scenic vastness of the Rockies, sparkling lakes of wondrous azure and giant glaciers, glistening, rockbound, above Alpine meadows, flower-carpeted and timber-shadowed, lures you, tempts you, and brings you smilingly back to yourself.

*Modern hotels and Swiss chalets offer best accommodations. Tours via motor, saddle-horse and launch, by day, week or month. En route to North Pacific Coast, Alaska, or California, visit Lake Chelan, Mt. Rainier and Crater Lake National Parks. "Glacier" is your only national park on the main line of a transcontinental railroad. Summer Tourist Fares—inquire of nearest ticket or tourist agent.*

Write for aeroplane map and literature—Glacier National Park

**A. J. DICKINSON**

Passenger Traffic Manager

**GREAT NORTHERN RAILWAY**  
St. Paul, Minn.

**A. J. DICKINSON**

Pass. Traffic  
Mgr., Great  
Northern Railway  
Dept. 384, St. Paul,  
Minn.

Please send literature and  
aeroplane map of Glacier Na-  
tional Park.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_





## The First National Bank of Boston

Transacts  
commercial bank-  
ing business of  
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Make it your  
New England Bank

Capital,  
Surplus and Profits  
**\$37,500,000**

countries, and their domestic rates will apply to articles addressed for delivery in the United States. This modest departmental statement shows the first of the important results achieved by the Hon. Otto Praeger, the Second Assistant Postmaster General, in the Madrid Conference. Export interests throughout the United States are very appreciative of the good work done by Mr. Praeger in this connection, as well as the other advances in international postal matters which have recently been made for the benefit of our foreign trade. The announcement follows:

The postal administrations of Bolivia, Colombia, the Republic of Honduras, Nicaragua, and Peru having agreed to put into effect, commencing February 1, 1921, pending ratification, the provisions of the special postal convention concluded at Madrid in November last, between the Americas and Spain, postmasters are informed that on and after the date named the United States domestic rates will apply to letters and post cards, as well as to newspapers and periodical publications of the second class (1 cent for each 4 ounces or fraction thereof) addressed for delivery in Bolivia, Colombia, Honduras, Nicaragua, and Peru, while the domestic rates of those countries will apply to articles addressed for delivery in the United States in all cases where such domestic rates are less than the international rates.

Effective on the date above named, the maximum weight limit for newspapers, other printed matter, and commercial papers will be eight pounds twelve ounces (4 kilograms), while the maximum weight limit for single volumes of printed books will be eleven pounds (5 kilograms); and the maximum dimensions for this class of mail matter in the form of a roll will be forty inches in length and six inches in diameter.

Another provision of this convention requires the full prepayment of all mail matter except letters, which, however, are required to be prepaid at least one rate (2 cents). The particular attention of postmasters is invited to this provision and they are cautioned not to accept articles other than letters which are not fully prepaid and to refuse to accept letters which are not prepaid at least one rate.

The postal administration of Cuba has likewise agreed to this Department's proposal for putting the new convention in effect February 1, but as the domestic rates are already applicable, under a previous convention, to articles exchanged between the United States and Cuba, the present convention will apply in the case of Cuba only to the extent of increasing the maximum weight limit on commercial papers and printed matter generally to eight pounds twelve ounces, the maximum dimensions for this class of mail matter in the form of a roll, and of adding the requirement contained in the paragraph next preceding concerning full prepayment of postage on all articles other than letters and prepayment of at least one rate on letters.

The careful attention of postmasters is directed to the foregoing provisions and to the circumstance that said provisions are at present effective only to mail matter exchanged between the United States and the countries above named. Appropriate announcement will be made promptly when the provisions are extended to other countries.

### A Standing Army of Labor

SOVIET RUSSIA undertakes to make labor compulsory on the theory that labor is wealth and that all wealth belongs to the community. It follows then that the community has the right to demand labor and direct it towards whatever production is deemed most necessary.

Bulgaria has a compulsory labor law based on an entirely different theory. It recognizes labor and the fruits of labor as an individual possession, but seeks to provide for "the personal payment of a tax on labor for the benefit of the state." The quoted phrase is taken from a bulletin of the International



## BUREAU OF CANADIAN INFORMATION

The Canadian Pacific Railway, through its Bureau of Canadian Information, will furnish you with the latest reliable information on every phase of industrial and agricultural development in Canada. In the Complete Reference Libraries maintained at Chicago, New York and Montreal, is complete data on natural resources, climate, labor, transportation, business openings, etc., in Canada. Additional data is constantly being added.

No charge or obligation attaches to this service. Business organizations are invited to make use of it.

## DEPARTMENT OF COLONIZATION AND DEVELOPMENT

Chicago  
165 E. Ontario St.

Montreal, P. Q.  
335 Windsor Station

New York  
1270 Broadway



Labor Office at Geneva, which gives the text of the law and describes its purposes.

The phrase recalls the methods of an earlier day in this country when it was the common practice in rural districts "to work out a road tax." The work of a man was rated at so much a day, and of horses or oxen, if he provided them, at so much more. It recalls also the early custom of "boarding around" the teacher, allotting his care to families in proportion to the number of children the family had in school.

Bulgaria's law has striking points of resemblance to the familiar compulsory military service laws that held continental Europe in their grip before the war, but its purposes are widely different. It aims not only to make available a supply of labor for public work but to give the young men and women of the country a modest amount of vocational education.

In brief, every Bulgarian lad who reaches the age 20 must give a year of service and every girl of 16, six months. Exemptions are provided for those who are physically and mentally incapable and for those upon whom others are dependent. Compulsory service is postponed but not remitted for those attending school.

The military influence is strong in the provisions for enforcing the law. No Bulgarian may emigrate until he has completed his compulsory labor service. Voluntary service or enlistment is permitted before reaching the required age. The young men are to be quartered in barracks, although they are to work in, or as near as possible to, their homes, while young women are not to be moved from their homes.

Another likeness to enforced military service is the provision for temporary compulsory labor for all between the ages of 20 and 30, although the reserves are to be called out not against a human enemy but "in the event of extensive damage caused by the elements, national calamity or immediate necessity." This enforced service can only last for four weeks.

The letter of the law may seem military but its spirit is not. "Economic activity and public welfare work" are the purposes at which it aims and these are laid down more specifically in the bill to include such tasks as construction of roads and railways, care of forests, farming on state owned lands, manufacture of cloth, linen and clothing in hospitals.

The purposes of the compulsory labor act are thus outlined in the law itself:

Organizing and utilizing the labor power of the country for the public welfare in the interests of production and the welfare of the country;

Awakening in all citizens, irrespective of their social status or means, a love of community work and manual labor;

Improving the moral and economic condition of the people, fostering in the citizens a consciousness of their duties to themselves and to society and instructing them in rational methods of work in all branches of economic activities.

It is upon this last, the educational feature of the bill, that its sponsors laid most emphasis. Bulgaria has complained that too many of her young men were seeking to enter the professions, that there was danger of an "intellectual proletariat." Compulsory labor is sought as a means of directing them into lines that lead more directly to increasing the production of wealth. It plans to provide in return for labor a certain amount of industrial education.

This last statement was the argument in reply to the bitter critics of the bill who



"Like the threads of a giant web  
ALL AMERICA CABLES  
radiate out from New York, com-  
mercially uniting Central and  
South America."

## GUAYAQUIL, ECUADOR *Where Cocoa Comes From*

When you drink your chocolate soda or sip your cup of cocoa, you are paying tribute to a sister republic just on the other side of the Equator. Ecuador produces a great portion of the world's supply of cocoa. Her panama hats are among the finest made. Her vegetable ivory supplies us with buttons, chessmen, chips and umbrella handles. Her mineral wealth has untold possibilities.

Guayaquil is the chief port of Ecuador. There you will find business men from the world over who have come to buy and sell. There also you will find a station of the ALL AMERICA CABLES to aid American business by providing a direct and American-owned means of cable communication.

To a great degree, the growing business and friendly understandings between the United States and our sister republics have been developed by this American-owned cable system. It is the only direct and only American means of cable communication.

*To insure rapid, accurate and direct handling of  
your cables to all of Central and South America,  
mark them "VIA ALL AMERICA"*



JOHN L. MERRILL, Pres.  
Main Cable Office  
89 Broad Street, New York

# ALL AMERICA CABLES





## The Accident *that* Founded a Giant Industry.

**I**N a little Massachusetts town, with skeptical neighbors as an audience, Charles Goodyear vigorously expounded the possibilities of water-proofing with rubber—if the gum could be made resistant to heat and cold. In an emphatic gesture, his hand struck the hot stove. He dropped the lump of sulphur-mixed rubber gum clenched in his fist; it charred slightly but did not melt. He had accidentally discovered *vulcanizing*, the long sought process.

Since that fortunate day eighty-two years ago, New England has never lost her advantage as a leader in developing the wider use of rubber. Great factories in Massachusetts and Connecticut turn out two-fifths of the nation's rubber footwear. Many of the best known tire factories are located here, and they ship to every corner of civilization.

THE NATIONAL SHAWMUT BANK is three years older than the vulcanized rubber industry, and has grown up with it—served its interests consistently and intelligently. From distant plantation to factory, and into all the markets of the world, SHAWMUT financing figures largely.

Inbound or outbound commerce pertaining to the rubber industry of the country can be handled with greatest economy by the bank that stands closest to the manufacturer, and that bank is SHAWMUT.

**THE NATIONAL SHAWMUT BANK of BOSTON**

Resources far exceed \$200,000,000



WRITE FOR  
COPIES OF OUR  
BOOKLETS:

*Foreign Exchange*  
*The Webb Law*  
*The Edge Law*  
*Acceptances*  
*Scandinavia*

said that it was reactionary and sought to take the work of the young without payment.

The law went into effect in June of last year and has been put into operation through much of Bulgaria, but, as yet, no comprehensive report of its effectiveness has been made.

### Home-Grown Suits and Dresses

**A**MONG the most disappointed wool-growers in the United States when the bottom dropped out of the wool market some months back were scores of boys and girls in Connecticut who had gone in for sheep raising in response to the appeal to "bring the sheep back to New England." These youngsters had looked forward to big prices for their wool in 1920, and the sudden drop in price sharply upset their ambitious expectations.

When the outlook was most dismal, Good Fortune smiled upon them. A. G. Skinner, a sheep specialist of Ontario Agricultural College, Canada, came to their rescue with a plan which made it possible for the "kids" to get a dollar a pound for their wool, when they couldn't have sold it for twenty cents a pound in the open market.

Skinner had been engaged by the Connecticut Agricultural College to give advices on sheep raising, but when the market broke he turned his efforts in another direction. He got together all the wool grown by the boys and girls belonging to Sheep Clubs, and had it scoured at a scouring plant in Lawrence, Massachusetts, without any charge. Then he made another arrangement with a woolen mill owner in Connecticut whereby the scoured wool was made into cloth at actual cost.

The news of what Skinner had done traveled widely, and immediately there sprang up a big demand for Connecticut wool cloth. Everett J. Lake, governor-elect of Connecticut, had a suit made of it so that he could wear it at his inaugural. The big demand for the cloth shot the price up to \$3.50 per yard, which allowed the boys and girls from 80 cents to \$1 a pound for their wool. But a lot of youngsters didn't want \$1 a pound or any other sum for their wool. They took the cloth instead so that they could have suits and dresses made of cloth from their own sheep.

### When Land Words Go to Sea

**T**HIS is a second installment of land words that undergo a striking change when the sailor adds them to his vocabulary:

**HOG** does not produce bacon; it is a rough broom used for scrubbing.

**HOLY-STONE** is not what it might appear to be to the religiously inclined, but is a stone used for cleaning decks.

**HOME** is not a place than which there is none like it, but is applied to an anchor when it is hove in or when the sheets of a sail are hauled out as far as they will go.

**HOUNDS** are not a species of dog, but they are projections called holders at the head of a mast.

**HOUSE** is not a living place, but refers to the lowering of a mast about half its length.

**KNOT** is not something gathered in a knot; it is a division of a log line used to determine the speed of a vessel.

**LIFT** does not mean to raise, but is a rope or tackle to support and move a yard.

**LOG** is not a section of a tree trunk, but



an instrument for determining the speed of a vessel.

MILE is 5,280 feet on land; at sea it is 1/60 of a degree of latitude, generally 6,080 feet.

MOUSE is not an animal that creates a panic among women and elephants, but is a piece of rope or string around the end of a hook and its standing part to prevent the hook from slipping out.

PARTNERS does not refer to human beings; it is a framework fitted to a place in the deck to receive the lower end of the mast.

PILLOW is not a support for the head; it is a block at the far end of a bowsprit.

PRAYER-BOOK is not something for use in church services; it is a small holystone.

QUICK WORK does not refer to expedition in doing something, but to a part of a vessel's side.

SCOTCHMAN does not refer to a native of Scotland, but is a batten used to prevent rigging from chafing.

SHEETS are not bed covering; they are ropes used in working sails.

SNAKE is not a reptile; it means to pass some small stuff across a seizing.

THROAT is not a part of a person's anatomy; it is the far end of a gaff hollowed out to fit the mast.

TRIP does not mean a journey, nor to throw a person down; it is to raise an anchor clear of the bottom.

TRUCK is not a vehicle; it is a small circular piece of wood fastened to the head of a mast, having small holes through which signal halyards are rove.

WALL is not a wall, but a knot put on the end of a rope.

WATCH is not a time-keeper nor a night policeman; it is a definition of time aboard ship. There are seven watches in a day reckoning from twelve midday through the twenty-four hours; five of four hours each and two others called dog watches of two hours each, from four to six and six to eight p. m. It is a term also used to designate the portion of the ship's company appointed to stand watch, called port and starboard watches, each in command of a mate.

WEATHER does not refer to meteorological conditions, but is the direction from which the wind blows.

WEIGH is not to determine the weight of anything, but is to lift up an anchor.

## Here Is the Case for Capitalism

*Here are some reviews of books on business and economic subjects*

**PROUDHON** is credited with having coined the phrase that "property is theft." Nowadays the Socialist goes further. Reckitt and Bechhofer, in their book on "The Meaning of National Guilds," speak casually of "the felony of Capitalism"; and G. D. H. Cole, in "Self-Government in Industry," observes: "To do good work for a capitalist employer is merely, if we view the situation rationally, to help a thief to steal more successfully."

In a society founded on capital it is clear that only Reckitt, Bechhofer, Cole, and a few others are pure in heart—although they may be, in fact, tainted with property. Even the barber, since he owns his tools, is a capitalist. Many large industries sell stock to their employees, who thus become part-

# National Bank of Commerce in New York

## Foundation of Credit

Common knowledge regarding a firm's credit standing not only is beneficial to the firm but constitutes the foundation of the entire structure of credit.

The vast credit operations of the National Bank of Commerce in New York are safeguarded by virtue of a highly organized research of those conditions and facts which justify or limit credit.

The benefit of our extensive credit experience is shared with our friends.



Capital, Surplus and Undivided Profits  
Over Fifty-five Million Dollars





## PHILADELPHIA'S PIERS

Philadelphia's 93 piers are designed and equipped for the efficient loading and unloading of every type of cargo ship from trans-Atlantic and coastwise vessels to the boats of the river and harbor, including carriers of coal, ore, lumber and grain as well as manufactured merchandise and machinery.

Lighterage is used only for coaling under special conditions. The city itself owns ten of the piers that line Philadelphia's 37 miles of water front. These are equipped with every modern device for the rapid transfer of goods from freight car to ship's hold or the reverse.

Because of its financial strength and its connections in commercial centers all over the world The Philadelphia National Bank is in a position to give valuable assistance to American merchants and manufacturers interested in foreign markets.

## THE PHILADELPHIA NATIONAL BANK

PHILADELPHIA, PA.

ners and subject to criminal epithets on the part of Socialist uplifters.

Marxian Socialism of the kind best known in the United States, however, has been dethroned. The men quoted above are among its severest assailants. They assert that it would regiment men into mere machines—an objection long offered against it, and long derided by these same men. The kind of Socialism now most fashionable because it is newer is called "Guild Socialism," and is in some respects akin to Syndicalism. It would found government on representation by industries rather than by geographic units. The basic principle, which is the abolition of private ownership of the means of production, remains the same. What is chiefly desired by those who would remodel the world is to leave out of the picture the "felonious" capitalist.

Hartley Withers, distinguished abroad and here as a lucid and cogent thinker on economic topics, has written a brief for the defendant "felon." In "The Case for Capitalism" (E. P. Dutton & Company) he has taken up the indictment with entire good temper, and he has acquitted his client. Here is a book which could have been written by no man in this country, probably, except George E. Roberts. Mr. Withers has been spreading the same doctrine of common-sense and sound philosophy from London that Mr. Roberts disseminates from New York, and has been at it somewhat longer. It is the unshaken conviction of Mr. Withers that if the "earnest and sincere" reformers who are now urging the nationalization of industry or its organization under guild monopolies succeed, "life will cease to be an adventure and become a drill." He sees clearly that it would kill or check the tendency to variation which underlies all development.

Under the present system, certain essentials to production, such as raw materials, machinery, equipment, a factory and a place to carry the work out, railways, ships, and so on, are supplied by capital; the food and other living expenses of the workers during the period of production and during the period until the finished product is sold, are supplied by capitalists. Further, capital takes the risk involved. It may be that the views of the consumers who are asked to buy the product will prevent its sale.

This leads Mr. Withers to define industrial democracy in a new way. The real power at present lies in the hands of the average consumer, who is also almost invariably a producer. Capitalism is, in its essence, democratic. It is a common saying that the capitalist deprives the worker of part of his product. Mr. Withers shows, in a series of chapters, that the worker gets, in fact, much more than the value of his product. He is enabled by capital to enjoy as comforts what were luxuries often enjoyed only by the very rich half a century ago. Without the facilities supplied by capital the laborer could produce only under primitive conditions.

"Capital, then," says Mr. Withers, "is the axe or plough, or store of food or of seed, and labor is the man with nothing but his hands. Capital can make nothing by itself, and the owner of it, the capitalist, can only make it productive by applying labor to it, his own or a wage-earner's. Labor by itself can only gather berries or dig up roots; in order to produce, it must fashion tools and acquire a store to keep itself during the process of production." When labor does that, as so frequently happens, it becomes a capitalist.

In another chapter Mr. Withers discusses



the common charge that capital is the father of militarism. Not even capital, of course, can be held to blame for the combative impulse in man. The American Indians, who lived in a semi-communistic form of society, were persistent fighters among themselves. Mr. Withers, however, accepts as true the statement that militarism could not have achieved a fraction of its destructive power if capital had not provided the machinery, and writes:

"What d'ye lack?" is Capitalism's cry, and when humanity said, "Weapons for killing one another, and see that they kill by heaps," Capitalism delivered the goods with a vengeance. If humanity will only ask for something more sensible, Capitalism, ever democratic and accommodating and anxious to please a customer, will oblige with equal readiness and success. Capitalism fears and dislikes war, because war means destruction, taxation, unrest, and lack of confidence, and Capitalism knows that though it may seem to make big profits out of destruction it will pay heavily for them before the account is closed, and that it can only earn a good living out of prosperity and peace and progress. While some have accused it of fomenting war, others with a truer instinct have denounced International Finance as an incurable and incorrigible Pacifist.

It is impossible in such foreshortening as this to give an adequate notion of the clear and steady march of Mr. Withers' argument in behalf of the present economic structure. That he speaks with authority is well enough known; that he speaks with perfect good nature in the presence of an opposition often disingenuous and sometimes venomous is not only to his credit, but is in itself an evidence of the justice of the cause he presents.

**ECONOMIC HISTORY OF CHosen**, Compiled in Commemoration of the Decennial of the Bank of Chosen, Seoul.

**ECONOMIC HISTORY OF MANCHURIA**, Compiled in Commemoration of the Decennial of the Bank of Chosen, Seoul.

Special interest attaches to these books because Japan's interests upon the Asian continent have been in the spotlight ever since the Versailles conference. The center of attention, to be sure, is the Shantung peninsula and the German concessions there, which the conference awarded to Japan in deference to secret treaties; but Japanese territorial and economic advances in Manchuria and Korea (Chosen) came into the penumbra of public scrutiny. The Bank of Chosen has made itself the central bank not only of Korea, but of Manchuria, and these books are capably compiled by Mr. T. Hoshino, manager of its research department.

**RUSSIA AS AN AMERICAN PROBLEM**, by John Spargo. [Harper & Bros., Publishers.]

Siberia is involved in Japan's plans, which center on China; and so Russia's future is engulfed in the maelstrom of Far Eastern politics. This thought was uppermost in John Spargo's mind as he wrote this book. He did better, it must be said, in his books dealing with Bolshevism. When he says "Japan now controls practically the whole of northern China. She can do with China what she pleases," he emerges from the realm of fact into the zone of bugaboo. What he says may become true some day. It is not so now. Mr. Spargo's work has value for students of the Russian situation.

**THE UNSOLVED RIDDLE OF SOCIAL JUSTICE**, By Stephen Leacock, Ph.D. [James Lane Co., Publishers.]

A well-considered and serious treatise on present-day economic problems by a professor better known to the public as a humorist.



## EXTENSIVE and INTENSIVE BANKING SERVICE

IN times of stress or in times of increasing opportunity a good banking connection proves a tower of strength to the business man.

Some of the country's leading business institutions look to the Bankers Trust Company for counsel and co-operation in their financial affairs.

As a depositor here, you are always in a position to use our complete facilities for domestic and foreign banking, and to share in the benefits of our unusual equipment for handling commercial accounts.

Our service is *extensive*. We should be glad of the opportunity to make it *intensive* as applied to your own business problems.

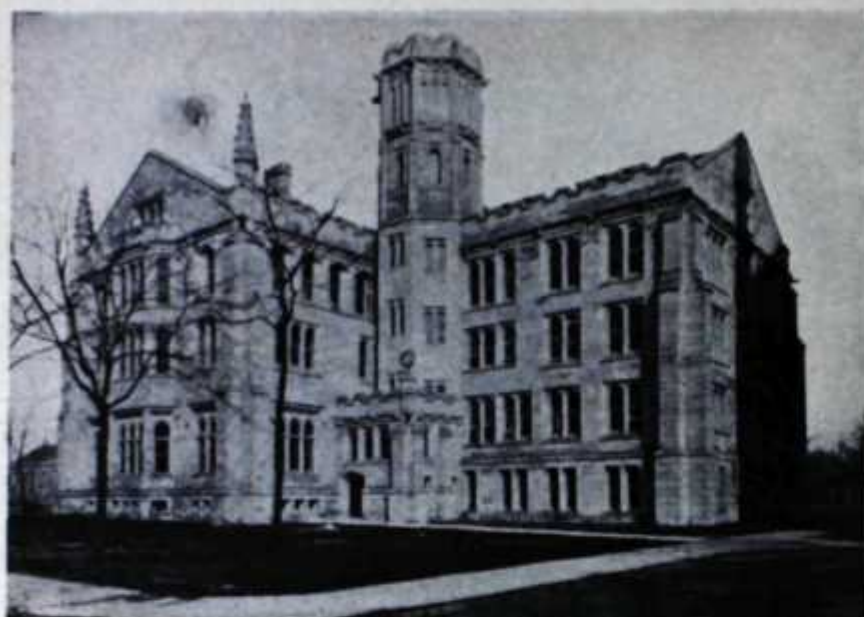
# BANKERS TRUST COMPANY

Member Federal Reserve System

NEW YORK

PARIS





*Geological Building, University of Chicago.  
Holabird & Roche, Architects*

FOR centuries the Gothic architecture of the Old World Cathedrals has been an inspiration to architects and artists, for time has softened all their outlines and given to them that subdued harmony in architecture which only belongs to age.

The wonderful sculptural decoration of these noble edifices was rendered possible by the use of limestone, which lends itself more readily than any other stone to the most delicate carving, tracery and undercutting.

In this country one of the most important groups of Gothic buildings is the University of Chicago, and it is a tribute to Indiana Limestone that each architect who designed one of these beautiful Gothic edifices specified Indiana Limestone as the material in which his inspiration could best be carried out.

The result is a source of pride to the architects and to the Alumni of the University, and will be an undoubted inspiration to architects during the centuries that are to come.

For Indiana Limestone is a stone that does not deteriorate with age, but mellows and grows more beautiful with the passing of time.

*Booklets on Indiana Limestone  
will be mailed on request.*



**Indiana Limestone Quarrymen's Association**

Box 775

Bedford, Indiana

METROPOLITAN SERVICE BUREAU, 489 FIFTH AVENUE, NEW YORK CITY

## Log of Organized Business

**C**REATION of a Department of Transportation and Communication has been announced by the Chamber of Commerce of the United States. This department is one of eight into which the Chamber has been divided. The manager of the new department will be James Rowland Bibbins, who comes to the Chamber from the Arnold Company, Chicago, where he was personal representative of Lieut. Col. Bion J. Arnold, consulting engineer and president.

Mr. Bibbins brings to the new department a wide experience derived from consulting work dealing with transportation problems of some twenty cities in the United States and Canada. He has had to do with rapid transit problems, railroad and port terminal activities, and civic development. He has studied terminal problems in New York, Chicago, Baltimore, and New Orleans, transit plans of Chicago, San Francisco, Pittsburgh, and other cities, and valuation of property in New York, Brooklyn, and Chicago.

Mr. Bibbins was educated at Baltimore City College and the University of Michigan. He is a member of numerous engineering societies, and chairman of several of their important activities.

The new Department of Transportation and Communication will have a wide range of activities. It will cover shipping, ocean and inland; steam and electric railroad transportation, air transportation, cables and telegraphs, postal facilities, and highways.

### To Head Finance Department

**A**PPPOINTMENT of John J. O'Connor, Detroit banker, to be manager of the newly established Department of Finance of the Chamber of Commerce of the United States, has been announced.

Mr. O'Connor comes to the National Chamber from the First and Old Detroit National Bank, having served with that institution in an executive capacity. While with that institution he organized a new business department, and handled public relations for the bank.

Prior to entering directly into the banking field, Mr. O'Connor was connected with the American Red Cross, performing important services for that organization during the World War. His first assignment was the organization of Red Cross Chapters in the Chicago District, and afterwards he did the same work in twelve Central Western States. For a year and a half before the War he was director of the Western Central District for the Red Cross. During the War he served at the National Headquarters of that organization, directing the organization of 1,200 city chapters. He began the first membership drive and standardized the form of city organization.

While with the Red Cross, Mr. O'Connor superintended the administration of two million dollars at six or seven national disasters—such as the Eastland ship disaster in Chicago; tornadoes at Mattoon and Charleston, Ill., Newcastle and New Albany, Indiana; and a score of more or less calamitous fires, floods, tornadoes, and mine disasters.

Mr. O'Connor was educated at the University of Chicago, and received a law degree from the Kent College of Law in that city.

The Finance Department will be one of the most important in the National Chamber. In addition to handling questions directly touching upon finance the department will give





Built at Burlington, Iowa, for The Showers Bros. Co., America's largest furniture makers

## Are You Ready for a Market That's Bound to Come?— The Problem of Meeting the Needs of 1,500,000 Homes

### Ferguson Economies include—

- (1) Plans on file covering virtually all industrial needs.
- (2) Prefabricated steel and other materials bought at low market and ready to ship from stock.
- (3) Experienced men trained in every operation on every job.
- (4) Scheduled operations to deliver your building on time.
- (5) The Ferguson Fixed-Fee-Limited-Cost Contract that returns to the owner any savings on a drop in labor or material costs.

Ferguson Factories insure you least cost for value in your new plant.

The list below shows a few nationally-famous companies which have placed one or more repeat orders for Ferguson Factories after a test of their first purchase.

National Cash Register Co.  
General Electric Co.  
Nordyke & Marmon  
Showers Bros.  
Procter & Gamble



THE UNITED STATES is short 1,500,000 homes required to make up for the past three years' failure to keep up with the normal increase.

One-and-a-half million homes require one-and-a-half million each of stoves and furnaces, thousands of acres of roofing, rivers of paint, a minimum of fifty-million pieces of furniture and, in proportionate quantities, lamps and lighting fixtures, rugs and carpets, chinaware and kitchen utensils, hardware and plumbing.

This huge demand will be filled by those manufacturers who are able to make the best price in a highly competitive market. The manufacturer handicapped by inefficient floor space, poorly daylighted, insufficiently ventilated, or laid out to necessitate expensive zig-zag routing, is almost certainly barred from volume-sales. Production costs will make or break the success of your sales-force.

Shrewd, far-sighted executives are already preparing to profit heavily from this demand—rebuilding or enlarging cramped departments, preparing plans for new plants and securing bids which take advantage of today's material costs, efficient labor and easy transportation conditions.

The H. K. Ferguson Company, for such manufacturers, is prepared to assume unit-responsibility for design, construction and equipment of complete plants or additions under a contract which returns to the purchaser the lion's share of all savings due to price reductions in labor or material.

Write for our book, "Better Buildings for Bigger Business."

### THE H. K. FERGUSON COMPANY ENGINEERS and BUILDERS

HAROLD K. FERGUSON, President

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336 Rookery Building  
Phone Harrison 1785

CINCINNATI  
318 First Nat'l Bank Bldg.  
Phone Main 2739

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815 Austell Building  
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# Ferguson

## STANDARD AND SPECIAL FACTORIES





House at Chicago. Paul F. Olsen, Architect

## The Utility, Strength and Beauty of the HOUSE of BRICK

THE three basic requirements in building a home are utility, strength and beauty. Utility depends on skill in interior arrangement; strength and beauty, primarily on the material employed.

More and more, builders are coming to realize that the Face Brick home gives them the utmost of these qualities, at the greatest ultimate economy.

Face Brick offers almost limitless artistic possibilities. Through durability and fire-safety, and by reducing repairs, depreciation, insurance rates and fuel costs to a minimum, it gives you, in the long run, the cheapest house you can build. You will find a full discussion of these matters in "The Story of Brick."

### "THE STORY OF BRICK"

An artistic booklet with attractive illustrations and useful information for all who intend to build. The Romance of Brick, Extravagance of Cheapness, Comparative Costs, How to Finance the Building of a Home, are a few of the subjects treated. Your copy is awaiting your request. Send today.

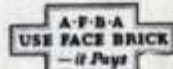
### "THE HOME OF BEAUTY"

A book of fifty designs of attractive small Face Brick houses, selected from four hundred drawings entered in a national architectural competition. The houses represent a wide variety of architectural styles, with skillful handling of interior arrangements. Sent on receipt of fifty cents in stamps.

*Do you want to compete for the Face Brick and the full working drawings for one of these Home of Beauty houses? Competition open to young married women. Send for particulars. "The Home of Beauty" will be sent free to competitors.*

## AMERICAN FACE BRICK ASSOCIATION

1130 Westminister Building • Chicago



immediate attention to taxes and a national budget system.

### Department of Natural Resources

ESTABLISHMENT of a department of Natural Resources, with W. DuB. Brookings, formerly a lumber manufacturer of California, as manager, was announced today by the Chamber of Commerce of the United States. This new department is one of eight departments into which the work of the Chamber has been divided in order to serve its constantly increasing membership.

Mr. Brookings has had a great deal of experience in forestry work. In 1899 he entered the lumber business with his father, J. E. Brookings, and uncle, Robert S. Brookings, in California. Their company owned its own timber in San Bernardino Mountains, San Bernardino County, California, and built its own logging railroad, saw mill, box factory, and planing mills.

In addition to managing actively the concern, Mr. Brookings established and conducted a line of nine retail yards in different cities in Southern California. The company was for several years a member of the California Pine Box and Lumber Association. Mr. Brookings was active in organizing the Southern California Retail Lumber Dealers Association, and has been a party to numerous trade arrangements and associations affecting western lumber affairs. For several years he was director and vice-president of the Redlands Chamber of Commerce; a director in the First Bank of Highland and the San Bernardino Valley Traction Company.

The Brookings Lumber and Box Company cut out its holdings in San Bernardino in 1912 and transferred its operations to Brookings, Oregon, where the company had been acquiring, since 1906, a tract of 30,000 acres of Douglas fir timber. At this point the Company established a model industrial town along modern lines, Mr. Barnard Maybeck of Berkeley being the town architect. The company built a logging railroad, saw mill, wharf, and operated its own line of lumber schooners between Brookings, Oregon, and San Francisco, and Los Angeles.

In 1917, Mr. Brookings and his father disposed of their interest in the Brookings Timber and Lumber Company of Oregon. Shortly after this, Mr. Brookings was asked to join the forestry regiment, being recruited in the West. He took a company of 20th Engineers to France in November, 1917. After much service in France he was promoted to major and transferred to the Landes, Southwestern France, near the Pyrenees, in charge of First Battalion, operating five saw mills. The forest area known as the Landes is one of the best known reforestation projects in the world, the French Government having reclaimed a sandy desert area of approximately two million acres, by planting maritime pines.

After the Armistice, Mr. Brookings served with Mr. Hoover for several months. He was stationed first at Warsaw and later in charge of the feeding program in Latvia, with headquarters at Libau.

For the past two years, Mr. Brookings has been making a study of forest resources, and also sources of power, including coal, water, natural gas, and oil for the Union Bag and Paper Corporation of New York. In the course of these investigations he has traveled throughout the United States and British Columbia.

His experience in this work and his many years of experience as a lumber manufacturer will be highly helpful to the Chamber in handling problems dealing with natural





## Stabilize Your Production Costs!



"THE MINTER SYSTEM OF BUILDING—INDUSTRIAL HOUSING SIMPLIFIED"—This book tells the story of the Minter System in detail, picturing every phase from preliminary work to finished erection. Sent upon request to Executives.

THE major element in production costs today is the cost of labor. A producing organization well-housed in comfortable, livable homes *stabilizes production costs* and forms a reliable background for profit.

The MINTER SYSTEM OF BUILDING is a prime factor in stabilizing production costs because it provides industrial homes upon a new basis—a basis of *economy and predetermined costs*.

The Minter System achieves these results through a complete building service. The Minter organizations assume complete responsibility of any building project, from planning and fabrication in the Minter plants to speedy erection in the field.

The Minter System is designed to simplify a particular problem for you—that of stabilizing production costs. Familiarize yourself with it.

## The Minter System of Building

MINTER HOMES CORPORATION  
Huntington, West Virginia

THE MINTER HOMES COMPANY  
Greenville, South Carolina



# "A Permanent Asset"

MICHIGAN STEEL TUBE PRODUCTS CO.  
STEEL TUBING AND TUBULAR PRODUCTS  
BUFFALO STREET  
DETROIT



JOHN E. MILLER  
PRESIDENT

NOVEMBER  
24th, 1920.

The Hydraulic Steelcraft Co.,  
Cleveland, Ohio.

Gentlemen:-

Please be advised that we have just finished inspection of the 30' x 50' all steel building erected by you. This building was purchased and erected with the idea of it being a temporary building. We are using this building for manufacturing purposes and have decided to treat same as a permanent asset, on account of the permanency of the construction.

Thanking you very kindly for the good service rendered us in furnishing this building, we are,

Yours very truly,

MICHIGAN STEEL TUBE PRODUCTS COMPANY.

*R. O. Berg*  
Factory Manager

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## Permanent—

in the sense of fireproofness and durability—a special rust-resisting steel "HY-COP"—used in roof and wall sheets.

Yet a quick asset since the building can be taken down, moved and re-erected—or sold and thus liquidated as any other asset.

Your opportunity to avail yourself of unusual savings in buildings. Ask for new catalog, which shows how Hydraulic Steel Buildings are saving money for manufacturers and builders.



### Salient Features of Hydraulic Steel Buildings

Quick Erection  
Strength—all Steel  
Permanency—  
(rust-resisting "HY-COP" Sheets)  
Portability  
Fireproof  
Low Cost  
Immediate Shipment  
High Salvage Value



Hydraulic Steel Building 100 feet long, 90 feet wide—foundry of B. F. Avery & Sons, Louisville, Ky.

Hydraulic Steel Buildings are suitable for practically any one-story structure

THE HYDRAULIC STEELCRAFT COMPANY  
of THE HYDRAULIC STEEL COMPANY  
CLEVELAND, OHIO

#### BRANCH SALES OFFICES:

NEW YORK  
Singer Building  
ATLANTA  
Rhodes Building  
INDIANAPOLIS  
Public Savings Building

CHICAGO  
Fisher Building  
RICHMOND, VA.  
American National Bank Building  
PHILADELPHIA  
Land Title Building

SAN FRANCISCO  
Hearst Building  
ST. LOUIS  
Commercial Building  
DALLAS, TEX.  
1806 Main Street



# HYDRAULIC STEEL BUILDINGS

Standardized



## The Jewett Improved Angle-flow Bubbler Will Protect Health

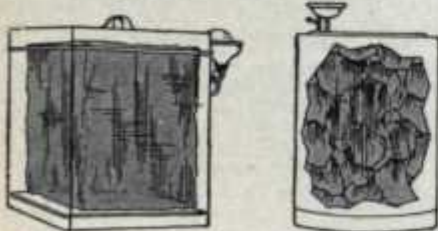
WATER spurts from the bubbler on the Jewett in a diagonal stream and it is impossible for anyone to drink directly over the bubbler. The lips cannot touch the bubbler nor can any water drop from the mouth back into it and cause contamination. It eliminates the germ spreading tin cups, dipper or glass, also the expense of paper cups. Yet a glass can be easily filled from this angle-flow stream.

The ice in the Jewett does not come in direct contact with the water. It merely chills the coils through which the water flows. This precludes any chance of impurities in the ice getting into the water and insures just the right temperature—ice cooled water, not ice water that induces stomach disorders. You safeguard your employees' health when you install Jewett Water Coolers.

### Selling Direct Cuts Costs

Jewett Water Coolers are sold direct to you from our factory. That means an appreciable saving on initial cost. Any handy man can attach it to your regular water supply.

The Jewett helps ward off the tiring, production-retarding effect of sweltering weather. A post card mailed today will bring complete information on the Jewett Water Coolers.



Economy in ice consumption is another outstanding feature of the Jewett. Notice the square design. It takes ice in a solid cake. Ice has to be

broken up before the ordinary, round type cooler can be packed. This means extra labor and waste, for cracked ice melts more rapidly than ice in a solid cake.

Size No. 1, \$58 50 lbs. Capacity

Size No. 2, \$75 100 lbs. Capacity

The Jewett Refrigerator Company

Established 1849

25 Chandler Street

Buffalo, N. Y.

**JEWETT**  
SQUARE WATER COOLER

resources that come before it. Recently the Chamber appointed a committee to study the forest situation in this country with the ultimate view of formulating a forest policy.

Mr. Brookings was graduated from Harvard in the class of 1895. After leaving Harvard, he practiced law.

### Resolutions and Referenda

**ERNEST N. SMITH**, formerly secretary of the Indianapolis Chamber of Commerce, has been made manager of a new Department of Resolutions and Referenda in the Chamber of Commerce of the United States.

Policies advocated by the National Chamber are determined by the vote of its membership, either in meetings or by referendum. Only questions of broad national interest and importance are taken up. The purpose of the new department will be to give a maximum effect to these expressions of business opinion.

After a referendum vote is taken, it will be the duty of the new department to present the policies advocated to the various Congressional committees and Governmental departments, and to trades and professions or establishments most concerned in the particular subject.

The head of the new department is widely known among the business men of the country. As general secretary of the Indianapolis Chamber of Commerce, his work during the War was of a notable character. At that time the Indianapolis Chamber of Commerce had nearly five hundred employees and three branch offices, one in Washington where a War Contract Bureau was maintained. This Bureau handled war contracts for Indiana Industries amounting to more than \$25,000,000.

The Indianapolis Chamber had charge of one of the largest army vocational training camps in the United States. Mr. Smith helped organize extensive auto trucking service for one hundred miles out of Indianapolis, to relieve railroad congestion during the war.

### Distributing Overhead

**HOW** to Distribute Overhead Expense in "Good and Bad Times" is the subject of a bulletin issued today by the Fabricated Production Department of the Chamber of Commerce of the United States. The bulletin says:

Our cost systems are too inflexible. "Under ordinary cost methods, still largely in use, overhead expenses are spread too thin in times of forced production, and massed too heavily in periods of slight demand and output, giving in the latter case costs that are artificially high and unfair to the public, and moreover costs which the market will not generally sustain.

"Costs systems should provide that these expenses, usually designated as overhead expenses, should be pro-rated on the basis of a normal year—the 100 per cent mark on the business thermometer. Thus in time of unusual production, production exceeding normal, the overhead should be more than used up in costs, and a surplus out of overhead cost created to take care of those times when the output is below normal, and the overhead charges not fully cared for in the costs of that year."

To take a very simple illustration: Let us assume the normal output of a department is 100 pieces and the overhead \$100, or an overhead charge of \$1 per item. If the department produces 150 pieces at a normal overhead charge of \$1 per item, not only will the \$100 overhead be used up, but there will be an additional \$50 as a reserve. When the output of the department drops to 50 pieces, only \$50 overhead will be applied to this reduced production, and the difference made up from the reserve established during unusual production.

The determining of a normal year is not an easy matter. It requires a long look behind, not for-



## Labor Turnover Is Expensive

It pays better to keep the workers you have spent time and effort to train in your ways, than to be constantly changing. Furnishing employes with individual steel lockers is one way to win their good will and loyalty.

**MEDART**  
STEEL LOCKERS

Possess many points of superiority that make them the choice of discriminating buyers. Made of smooth sheet steel with welded joints and richly enameled. Multiple locking device operates with one turn of the key. Adjustable legs. Fire, rust and theft-proof. Easily installed. The reasonable first cost is the only cost.

### Send for Booklet

It illustrates and describes all styles of MEDART Steel Lockers for offices, factories, stores, clubs, schools and gymnasiums. Inform yourself. Get the facts. Clip and mail the coupon below to our nearest office. We also make Steel Shelving, Racks and Bins for storage, stock-room or office. State if interested.

**Fred Medart Mfg. Co.**

Potomac & DeKalb Sts. St. Louis, Mo.

New York  
52 Vanderbilt Ave.

San Francisco  
Rialto Bldg.

Fred Medart Mfg. Co.  
(Address our nearest office)

Please send your free booklet describing Medart Steel Lockers. We employ about \_\_\_\_\_ people.

Firm Name \_\_\_\_\_

Address \_\_\_\_\_

Attention Mr. \_\_\_\_\_

We are interested in Steel Shelving, Racks, Bins. \_\_\_\_\_ (Please check)



## A Letter Worth Reading

containing valuable information for discriminating executives, of an especial interest at this particular time, and printed in Nation's Business as the speediest means of attracting their attention.

NECESSARY ECONOMICS demand that they thoroughly digest this communication.

### ZINCOGRAPH COMPANY

124 WHITE STREET NEW YORK

*Photographic Specialists in the Reproduction of anything  
Written, Printed, or Drawn.*

March 15, 1921

Executives  
One and All  
Throughout the United States.

Gentlemen:

We are taking the liberty of dedicating this communication, through the medium of *Nation's Business*, in the hope that our proposition will be of sufficient interest as to warrant your making further inquiry. The application of the facilities which we have at hand has unquestionable value, and were we not so sure of the saving to be derived by its employment, we would not be quite so insistent in bringing it to your notice.

Briefly, we photographically reproduce and print anything written, printed or drawn, making a specialty of tracings, maps, statistical charts and daily tabular matter. Facilities at hand in the way of high-speed, modern machinery and skilled chemists, permit of rendering you a service unexcelled. Cost is a factor to be taken into consideration and we unhesitatingly state we can reproduce your work quicker and cheaper than you are now having it done by means of electrotypes and zinc etchings. We do not do our work that way, but have, due to years of untiring effort and experimentation, developed an art which eliminates the costliness and tedious handling of materials such as have been heretofore employed in the printing business. We require, purely and simply, one copy of whatever it may be that you desire reproduced, providing that copy is clean-cut and clear. We can print 100 to one million copies. Which?

The American Telephone & Telegraph Company, Western Union, New York Central, Western Electric, Erie, Lehigh Valley, American Railway Express and such reputable companies have seen the application and appreciate the economies resultant to the betterment of their business in dealing with us, and since they in their judgment find us of benefit, assuredly you must.

We respectfully request your valued inquiries to the manner in which we can serve you and solicit a communication from your hands indicating your requirements. We in turn shall be pleased to furnish price, samples and indicate the rapidity of our deliveries.

This is the time to economize.

Very truly yours,  
ZINCOGRAPH COMPANY.

Clendenin Eckert, Jr.

Vice-President.

CE/7

getting also to look ahead. It is by no means sufficient to accept the operations of the preceding year as the sole standard. The normal year is different for a new organization or industry from what it is for one long established.

The setting up of estimated overhead charges based on a normal year does not mean the abandonment or compromising of actual overhead costs.

It is not the intention to forego or wipe out a single dollar of overhead expense that can be legitimately and fairly charged to operation, sales, or administration.

In conclusion the bulletin says that the treatment of overhead in the way indicated is not a panacea for all our industrial ills. The control of overhead in a manner fair to the business man as well as the consumer is one step and only one step toward realizing more stable prices and eliminating those wild fluctuations that culminate in industrial depressions. Such a consideration also points out the moral that the hope of permanent reduction of costs rests in the greater, more continuous, and more regular use of our industrial facilities.

Thousands of firms went through the recent years of full-blast operation upon a basis of overhead distribution essentially unfair to them. A start in the right direction must be made, and upon such firms is urged a consideration of adjusting overhead charges on the basis of a normal year, and it is so advised both as an advance in sound cost accounting and as a measure to facilitate that business revival we all desire, need, and anticipate.

#### Effect of Cancellations

**C**ANCELLATION of contracts is one of the contributory causes for the present slump in business, according to a statement issued today by the Fabricated Production Department of the Chamber of Commerce of the United States, after a six months' study.

The influence of early repudiation of orders, it is pointed out, spread rapidly and brought about a creeping paralysis of industry. In some lines, partly because of cancellations, plants were reduced from overtime production schedule to three days a week and in some instances to a complete shut-down. Legal remedies have been of little avail, for the ailment has shaken confidence, which must be restored before better times can be looked for, according to the department.

In an effort to restore confidence and avoid future misunderstanding these proposals are put forth by the department:

Draw contracts in conformity with the law of the State in which they are completed or accepted—making the obligations of both the seller and buyer equitable.

Provide in them for arbitration in case of dispute either under the State law, rules of trade organizations, or other adequate agency.

Incorporate questions in your credit inquiries, the answer to which will establish the applicants' cancellation record.

Consider it a duty and a privilege in protection to American business standards to report on inquiry those who unjustly and habitually disregard their contract obligations.

Establish an Honor Roll of those who have dealt with you for a term of years according to contract or terms—and let them know why.

Where transactions cannot be covered by written agreements find means for putting a premium on good faith and insist on your employees living up to it also.

Stand for "Golden Rule" policy throughout your business, taking loss if necessary to demonstrate you mean it.

Without preaching, keep before your employees and your trade continuously the value of good will built on kept promises.

Urge your trade or commercial organizations to record their disapproval of all practices which have led to the present unsatisfactory conditions. It will help strengthen the weak.

Take an advance stand personally for American



Business integrity and let it be known. The force of example is very powerful just now.

Oral contracts are as binding as written if legal requirements are complied with, but the obligation to perform is equally strong.

### The Housing Crisis

JOHN IHLDER, Manager of the Civic Development Department of the Chamber of Commerce of the United States, was one of the speakers before a conference on the construction industry called in February by the Industrial Relations Committee of the Philadelphia Chamber of Commerce. Mr. Ihlder dealt with the housing situation and gave figures gathered from twenty-three representative cities of the country, which showed a decided falling off in the number of homes erected during the last several years, and a gain in the number of factories put up.

"Such a program," he said, "cannot long be continued without the workshops themselves feeling its ill effects. Probably they would be feeling it today were it not for the great amount of unemployment, which, like an acute spasm of pain, distracts our attention from a chronic disease."

The twenty-three cities in which Mr. Ihlder made a survey on the housing situation have a combined population of 7,921,690, and each of them has a population of 100,000 or more. In these cities the total number of dwelling permits reached a peak of 31,333 in 1916. Then construction fell rapidly to 10,788 permits in 1918, rose to 26,041 in 1919, and fell again to 14,291 in 1920.

An interesting feature was the stability of small houses as compared with multi-family dwellings, apartment and tenement houses. While the small houses in 1919 numbered 25,029, within a thousand of the number in 1914 and less than 4,000 below the peak in 1916, multi-family dwellings dropped from 2,040 in 1916 to 2,000 in 1914, to 483 in 1918, and rose again only to 1,012 in 1919. In 1920, of the total number of dwelling permits, 13,847 were for small houses, and only 444 for multi-family dwellings, indicating that small houses seem to offer a more secure investment.

Permits for business and industrial building showed greater steadiness. These increased from 1,832 in 1914 to 2,206 in 1916, suffered only a comparatively slight check in 1917 and 1918, in the latter year reaching bottom at 1,306, then quickly rebounded in 1919 to 2,286, a figure above the 1916 peak, and in 1920 actually made a new record of 2,414.

### Los Angeles and Foreign Trade

NINETY per cent of the space at the Los Angeles harbor docks was unused two years ago. This year, as the result of a campaign by the Los Angeles Chamber of Commerce to enlighten the public on the national importance of foreign trade, the space is occupied.

The Trade Extension Department of the Los Angeles Chamber told the story of international commerce to the inland producer. When the campaign was undertaken the outlook was not hopeful. The Imperial Valley, the home of long staple cotton, the Salt River Valley in Arizona, Texas, and other southern States sending their cotton to the Orient, knew only that their shipping point was Seattle, because most of their product was purchased directly by Japanese buyers and carried in Japanese bottoms. Other interior points not only did not know anything concerning Pacific coast ports, but apparently they did not care.

The oil producers learned that of the 102,000,000 barrels of crude oil produced

"Take it to Taft-Peirce"



## What Is the Taft-Peirce Manufacturing Company?

It is an organization of skilled specialists and mechanical engineers with long experience in the designing and production of all sorts of mechanisms. These men have been instrumental in the development of machines and tools in almost every branch of industrial progress, and therefore have a priceless experience to apply to their problems.

### Who Are Taft-Peirce Clients?

Manufacturers who lack the proper facilities for building additional special machine equipment and for the development of new types or models.

Manufacturers undertaking new work that requires jigs, fixtures, gages and other special tools to perform the work economically and within defined limits of accuracy.

Manufacturers desiring to supplement their own facilities by having a portion of their manufacturing operations done outside of their own plant.

Industrial organizations desiring to cut down labor costs by means of special automatic machines designed to perform a given sequence of operations.

Inventors and engineers requiring the use of the equipment and facilities of a large establishment to expedite the development of their ideas.

Patent holding or selling companies who do not wish to invest in a plant nor burden themselves with the development of a manufacturing organization until their business is established.

### What Does the Taft-Peirce Manufacturing Company Do?

Assists inventors to put their ideas into practical form.

Develops and builds model machines and devices under the direction of the client.

Develops and builds special machines to perform automatically a series of operations required by the client.

Designs and makes jigs, fixtures, gages, special tools and other equipment used in the economical manufacture of interchangeable machine parts.

Manufactures in quantity in conformity with the client's plans and specifications individual parts or complete mechanisms.

*Tell us your problems and let us work with you. Write for "Contract Service" Book "Take it to Taft-Peirce" giving complete details of our organization and its work.*

### The Product

of The Taft-Peirce Manufacturing Company includes practically every branch of manufacturing activity. The organization as such has been in existence for over twenty-five years, and it would be difficult to find an important development in American industry in which it has not played a part.

Indicating the scope rather than the variety of the work done by the company, the product may be divided into four general groups as follows:

- 1—Constructing from customer's drawings canning machines, match-making machines, typesetting machines, calculating machines, vending machines and other machines made up of a multiplicity of large and small parts.
- 2—Jigs, fixtures and special tools.
- 3—Various types of internal combustion engines and parts.
- 4—The solution of problems in manufacture presented from the producer's standpoint; that is, in terms of results rather than that of means.



## THE TAFT-PEIRCE MANUFACTURING COMPANY

WOONSOCKET, RHODE ISLAND, U.S.A.

Woolworth Bldg.  
NEW YORK

Majestic Bldg.  
DETROIT

First National Bank Bldg.  
CHICAGO



## UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION

# OFFERS FOR SALE STEEL AND WOOD SHIPS

## STEEL OCEAN GOING TUGS AND WOOD HULLS

Bids will be received on a private competitive basis in accordance with the Merchant and Marine Act at the office of the United States Shipping Board, 1319 F Street N.W., Washington, D. C.

The ships offered for sale include steel vessels and wooden steamers.

The steel steamers are both oil and coal burners. The Board has established a minimum price on these vessels.

### Terms on Steel Steamers

10 per cent of the purchase price in cash upon delivery of the vessel; 5 per cent in 6 months thereafter; 5 per cent in 12 months thereafter; 5 per cent in 18 months thereafter; 5 per cent in 24 months thereafter; balance of 70 per cent in equal semiannual installments over a period of ten years; deferred payments to carry interest at the rate of 5 per cent per annum.

The wooden steamers for sale are of ten different types, as follows: Daugherty; Ballin; Peninsula; Pacific American Fisheries; Allen; Lake and Ocean Navigation Company; McClelland; Ferris; Hough; Grays Harbor. Also have a number of wooden hulls of various types.

### Terms on Wooden Steamers

10 per cent cash on delivery. Balance in equal semiannual installments over a period of three years.

Bids may be submitted for one or more vessels or for any combination of above vessels, and must be accompanied by certified check made payable to the United States Shipping Board for  $2\frac{1}{2}$  per cent of amount of the bid.

Further information may be obtained by request sent to the Ship Sales Division, 1319 F Street N. W., Washington, D. C.

The Board reserves the right to reject any and all bids.

Bids should be addressed to the UNITED STATES SHIPPING BOARD, WASHINGTON, D. C., and indorsed "BID FOR STEAMSHIP (Name of Ship)."

*Ship and Sail Under American Flag.*

annually in Southern California, enough was shipped out of Los Angeles harbor to make it the greatest exporting point in the country. The mining men learned that they were using so much timber from Oregon, Washington, and Canada that Los Angeles harbor, of which they knew so little, was the greatest lumber importing port in the Nation, having over 600,000,000 board feet—approximately two shiploads every day of the year—to its credit in 1920. The fruit shippers, lemon growers, and cotton men learned similar lessons.

As a consequence, the first ship controlled by the Los Angeles-Pacific Navigation Company, a local concern which obtained a fleet of freighters from the United States Shipping Board to sail for Oriental ports, was loaded with 90 per cent cargo originating in Southern California. This is a concrete instance of business development brought about by taking the farmer, the manufacturer, and the business man of interior towns into cooperative overseas trade effort.

An overseas market is not merely a dumping place for surplus products, to be utilized at the whim of the producer. The development of a desirable market is the work of years, and it was with this conviction that Los Angeles began making a port.

#### New Chamber in Egypt

MANY American business houses are interested in extending their trade through Alexandria, Egypt, to which point seven steamship companies now operate direct lines. To assist in this work, the American Chamber of Commerce of Egypt, with headquarters at Alexandria, has been formed by business men of Alexandria and Cairo, according to information received by the Foreign Commerce Department of the Chamber of Commerce of the United States.

The officers of the new Chamber are: President, P. N. Macdonald, general manager, Vacuum Oil Company, Cairo; first vice-president, R. Chesbrough, manager, American Foreign Trade Corporation, Alexandria; second vice-president, William Yale, H. Gill and Company, Alexandria; secretary, Henry Gill, H. Gill and Company, Alexandria; treasurer, M. Kallman, Livermore, Rojas & Company, Cairo; directors, T. Khayat, Charles Barnett Company, Alexandria, and P. Sasso, Alexandria. The American Consul at Alexandria was elected honorary president of the Chamber.

#### Mr. Harding Praises Chamber

PRESIDENT-ELECT Warren G. Harding, in a letter to Daniel M. Casey, of the Pennsylvania State Chamber of Commerce, expressed praise of the work done by business organizations.

"If I were to disassociate myself from the newspaper business," he wrote, "I assume I would be attracted to a Chamber of Commerce because business is the life blood of material existence, and no community is worth while unless it is very alert to business progress and greater commercial development."

"I know something of the inspiring work which is done by the live secretaries of the Chambers of Commerce throughout the country. They are ever pushing forward with such zeal that they take a great community of business men with them."

"I like to think that the thing which boosts the community is certain to make progress for the Nation, and I should like our great republic to head the list of the great commercial nations of the earth."



## Completeness



### Catalog—"To Say, Completely"

**Y**OU have assembled the material with care, you have checked and rechecked the manuscript with no thought of the time involved, and then begins the still hunt! Have you reached the journey's end,—  
"To say, completely?"

Let the design of the cover, the color of the paper, the illustrations of your goods or methods, the type face inside; in fact every detail in the execution, reflect your pride in the raw material which has taken catalog shape.

Then truly you "say, completely."



"The Mark of Quality"

**The  
Matthews-Northrup Works**

Planners - Designers - Engravers - Printers - Binders

New York Buffalo Cleveland

## An Exposé of Sentiment

By F. O. WATTS

President, First National Bank, St. Louis

**C**ARLYLE held the sentimentalist to be the "barrenest of all mortals"; and when sentimentalism alone governs the location of an industry it, too, is likely to become the barrenest of business.

Many manufacturing plants in the United States are situated in the birthplace or the adopted city of that individual whose personality created and informs the business. This may be due to restricted funds. It may be due to a lack of forethought. Whatever the cause the result is disadvantageous and often the disadvantages are revealed in heavy overhead expenses, sometimes in difficulty of access to raw materials, or to distribution.

In this day of close competition sentiment is commonly regarded as bad form. No industry stays where it is because the grandfather of the industry was born there. And so it has come about that cities desiring to expand enter upon systematic campaigns for new business and "sell" themselves by a series of advertisements and follow-up letters.

A city, that is to say, is sold much as a typewriter or a filing system or a plow would be sold. A location advantageous to one industry because of its nearness to necessary raw materials and its favorable location with regard to the market, may be wholly unsuited to another. Sound principles govern the manufacturer when he changes the location of his plant or decides to build an additional factory in a new city. When the American Locomotive Company determined not long ago to establish a \$2,000,000 plant near St. Louis, its officials took these things into consideration. When a new wheel factory was built at Tonawanda, N. Y., there were similar motives. Baltimore, which has been campaigning actively and successfully for new industries, figures out a cost sheet showing the manufacturing superiority of that city over its rivals for the industry it is seeking.

The day of hurrah campaigns to raise locally large funds to attract new business is past. Artificial inducements are as obsolete as sentiment. The city, through its Chamber of Commerce, as a rule, presents its claims on a sound economic basis. If it fails to win the industry it is seeking it fails because it is not the most advantageous location for that particular business.

Reading his favorite magazine or newspaper the president of a misplaced industry who has been calculating the cost to him of long hauls on raw materials and finished products, sees leaping at him from the page a group of facts picturing an ideal location for him. He calls a meeting of his board of directors, there is a rapid exchange of correspondence, and one city's loss of an industry is another's gain. Nor are the cold commercial assets the only factors taken into consideration. Housing, schools, churches, clubs, parks and opportunities for comfortable and contented home life are sometimes decisive factors.

Some there are who think an automobile drive through New Orleans means rough going over miles of cobblestones. Some there are who think that the Tonawandas are an outpost of Kamchatka. Some there are who doubtless have grotesque ideas about St. Louis. It is to undeceive these persons and to bring the truth to the attention of the public that municipal advertising cam-



*Slow—Costly  
and it doesn't scrub  
off the dirt*

### Scrub Your Floors The Electric Way

You can't get thoroughly clean floors by hand-scrubbing. Besides, it's the slowest, costliest, most laborious method there is.

The Utility Electric Scrubber has revolutionized scrubbing methods. Here's a motor-operated machine that triples the scrubbing speed of a hand scrubber. It gets right down into the very pores of the floor with a fifty-five pound pressure—with five times the agitation of hand scrubbing. In speed and thoroughness it actually equals the work of ten men. Imagine the spotlessly clean floors that result—the labor saved—the time conserved.

Anybody can operate a Utility Electric Scrubber—just as simple as running a vacuum cleaner. Plug the conductor cord into an ordinary electric light socket and the Utility is ready for work. Press the button on the handle and the circular scrubbing brush whirls around at a speed of 200 R. P. M. Any kind of floor can be scrubbed—rough, dirty, grimy, or polished—in factory, office or store.

Spotlessly clean floors with economy. You must be interested. Write for our Catalog and let us show you the way.

**The Kent Vacuum Cleaner Co., Inc.**

559 Dominick St., Rome, N. Y.

*Quick—Cheap  
and scrubs off  
every speck*







## Age is not measured by years

**H**EALTH itself determines the length of life and your enjoyment of it. Because of their physical well-being, many people in advanced years carry youth well into later life. Their joys, their pleasures, their whole outlook on life is that of youth.

The eminent bacteriologist, Metchnikoff, claimed that "old age" is due in great part to poisons generated in the intestinal canal.

### *Cumulative Effect*

As the dropping of water wears away the stone, so does the continued action of intestinal poisons enfeeble the body. Constipation of long standing is responsible for many of the maladies of old age—hardened arteries, high blood pressure, hemorrhoids (piles), kidney and bladder troubles, and the like. It favors the advance of asthma, catarrh, rheumatism, and other ailments that bring discomfort and suffering to those in later life.

### *After Life's High-Noon*

Elderly people are usually deficient in intestinal mucus

—that fluid normally secreted in the intestinal tube to assist the passage of food waste. Nujol takes the place of this deficient mucus. It lubricates the intestines, and penetrates and helps to remove hardened layers of matter that often adhere to the bowel walls. It soothes irritated or abraded spots. It absorbs many poisons and carries them out of the body.

Nujol is prescribed by leading medical authorities as a safe and efficient aid to health in advanced years as it relieves constipation without any unpleasant or weakening effects. By softening the food waste, it enables the many tiny muscles in the walls of the intestines, contracting and expanding in their normal way, to squeeze this waste along so that it passes naturally out of the system. Nujol prevents constipation because it helps Nature to maintain easy, thorough bowel evacuation at regular intervals—the healthiest habit in the world. Nujol is absolutely harmless and pleasant to take. Try it.

**Nujol**  
REG. U.S. PAT. OFF.  
**For Constipation**

Sold by all druggists in sealed bottles only, bearing the Nujol trade mark.

Mail coupon for booklet "Constipation in Advanced Years", to Nujol Laboratories, Standard Oil Co. (New Jersey), Room 717 144 Beaver Street, New York City. (In Canada, address Nujol, 22 St. Francois Xavier Street, Montreal.)

Name..... Address.....

paigns are planned and carried out. Some of them are being prosecuted successfully even now. In all of them it will be found that the statements have been stripped of exaggeration and that the advertisements are placed with magazines or newspapers of influential circulation.

St. Louis is a notable instance of this, because it is the first old city of the conservative type to make a serious demand for its place in the sun. A coterie of business men of the Chamber of Commerce there, backed by an aggressive mayor, is telling the city's story through advertising, not so much with the intention of exploiting St. Louis as to present the facts of its commercial prowess, alertness, and strategic industrial position. The Mississippi River forms a natural outlet to the sea for shipments to Cuba, Porto Rico, Central and South America. St. Louis expects in time, with the improvement of the river, to become an inland port. St. Louisians are confident that within the next few months, the complete river fleet planned for Mississippi operation by the railroad administration will be in service. This equipment will total forty steel barges, each with a capacity of 2,000 tons, and six steel twin-screw towboats. These facts are set down not as a boost for St. Louis, but as a record of one of the "pulling" statements in its advertising campaign.

Baltimore and the Tonawandas use similar arguments. Baltimore, for instance, is a big and growing seaport, and, aside from tax exemption, offers no bonus or special inducements to new industries. The city advertises extensively and the Merchants and Manufacturers Association circularizes other industrial centers. Various business and trade bodies also subscribe to the expense of obtaining data, and citizens are continuously on the lookout for tips about industries susceptible of transplantation. As soon as these hints reach the Merchants and Manufacturers Association, they are turned over to the Industrial Bureau which writes or telegraphs and follows up with other letters until the business under fire has reached its decision. To influence the decision Baltimore sets forth the fact that it is the deep water gateway for three great railroad systems and is 150 miles nearer Chicago and the Middle West than any other seaport city. The accessibility from Baltimore of the Panama Canal, Cuba and the East coast ports of South America; the cheapness of coal, gas and oil for fuel and of electricity generated on the Susquehanna River, are other factors in the equation.

Several new plants have been located recently in the Tonawandas as a result of a similar campaign. "In the heart of America's purchasing power" is the slogan. The city sets forth the advantages of cheap electric power from Niagara, of its position as a marine and rail gateway between the Great Lakes and the Atlantic, the United States and Canada, its superior labor supply, its diversified raw materials, its good working conditions, equable climate and the riches of the agricultural and fruit lands lying around it.

Primarily the generous rivalry and active competition manifested by these typical American cities benefits the cities themselves, but it has the added general advantage of spurring the sluggish and contented business man to a scrutiny of the conditions prevailing in his own plant. The time has come when location must be reckoned as an intimate part of unit costs. Sentimental considerations are dead or dying. That city "sells" itself which can deliver the goods.



## Exterminating the Fire Rat!



**U**P until a few years ago, no method had been devised to protect furnace walls from the gnawing of the great heats that modern boilers generate.

The most fire-resistant clays, brick and tile, succumb prematurely to this action, so that boiler plants were forced too frequently into idleness, while the chewed and broken walls of their fire boxes were torn out and replaced.

To the rectification of these fire clay failures, Johns-Manville has contributed largely, for by research and experiment it has made the science of refractories of practical service to man—and an important contribution to conservation.



*Fire brick chewed out and cracked after exposure of heat. This means shutting down a boiler for days while new Bricks are set up in place of the old ones. Johns-Manville Heat Treatment reduces this shut-down and replacement expense.*

**T**EMPERATURES run very high in boiler furnaces, sometimes exceeding 3,000 degrees F. Even the best materials commercially usable will stand such heat but temporarily.

Fire Brick, built into walls and archways becomes furnace masonry; which is expected to withstand such heats.

But as soon as the "bond" between the bricks begins to disintegrate, crumble or melt, the life of the fire bricks themselves is immediately threatened.

### What happens in a boiler fire box

The great weakness, then, in all furnace masonry occurs at these joints between the fire brick. They may disintegrate, due to contraction and expansion or melt or crumble due to direct action of the heat.

Any of these reactions removes the fire clay from the brick joints. It is at the open joints thus formed that heat gets in its damage. Concentrating there, its effects pile up as more and more gnawing, either shaling off portions of the brick; deforming it by melting, or permitting the adhesion of clinker—

result, an expensive piece of masonry ruined in a few weeks and a boiler idle for repairs.

### The Remedy

By ingenious mixtures and treatments of clays and minerals in combination with asbestos, Johns-Manville has devised a series of cements. One general class to be used as binders between fire bricks and another class as overall surface coatings.

Of great elasticity, these materials

accept brick expansion and contraction without damage. They are resistant to high temperatures and retard the adhesion of clinkers. It is this treatment that has improved the life of boiler settings many fold.

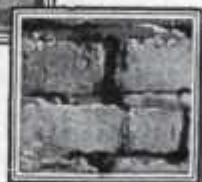
So successful has Johns-Manville heat treatment been in boiler practice that the application of its materials and principles has extended rapidly in the last few years, and today includes similar treatments for many types of furnaces and processes where high heats are employed.

A list of these materials is given below, together with other heat saving materials that combine to effect the conservation of power, fuel and equipment.

Johns-Manville Refractory Cements: Retort Cement No. 20; Refractory Cements Nos. 31 and 26 for use between bricks; No. 32 for use as coating; Monolithic Refractory Baffle Wall; Aertite Boiler Wall Coating. **INSULATIONS.** Asbesto-Sponge Felted, 85% Magnesia, Asbestocel, Zero, Anti-Sweat and Ammonia Insulation, Underground Conduit Insulation and Insulating Cements.



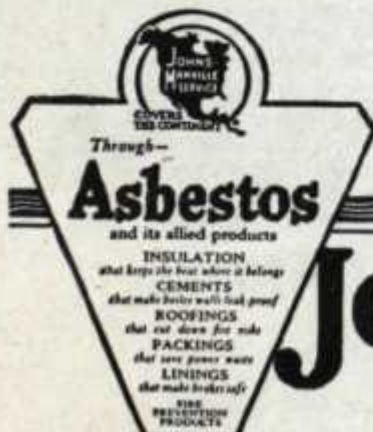
*"Clean-up" of fire brick work set up with No. 31 Refractory Cement—Note that the heat has not harmed it—in the least.*



*"Clean-up" of some kind of brick wall set up with fire clay. The fire rat has been at it.*

JOHNS-MANVILLE, INC., Madison Ave., at 41st St., New York City  
Branches in 66 Large Cities

For Canada: CANADIAN JOHNS-MANVILLE CO., Ltd., Toronto



# JOHNS-MANVILLE

## Serves in Conservation



*Douglas Fir  
Northern White Pine  
Idaho White Pine  
Western Soft Pine*



*Western Hemlock  
Washington Red Cedar  
Red Fir and Larch  
Norway Pine*

## HOW EXPERT SELECTION OF LUMBER MAY SAVE YOU MONEY

EVERYONE admires the fine old wood structures that have come down from Colonial times.

"But," you hear people say, "You can't get lumber like that these days."

It's not the fault of the lumber. It's the way lumber is used.

Use the *right wood* in its *proper place*—and, granted that your construction is right, you will get as sound and durable a building as any built in Colonial days!



There is today available in most markets a greater variety of structural woods than ever—with the possible exception of hardwoods, which are now seldom used for building purposes.

This same thing is true of woods for industrial uses.

Many woods formerly sold only in local markets are seeking wider outlets of distribution. For instance, Douglas Fir, probably the greatest wood in the country for structural timbers, has only recently come into common use in the great markets on the Atlantic Seaboard.

There is available a great body of detailed and scientific knowledge about the qualities of these woods, their strengths, their proper treatment and application, and how they will act under given conditions of service.

Getting this knowledge and acting on it may easily double the service you get from lumber.

You cannot judge the service of lumber by its appearance. The "nice clear board" that looks so attractive may not be the right species for your purpose. A sound board of another species, even though knotted, may give you much greater value and service.

It all depends on the natural characteristics of the wood, and on the careful selection of the lumber for the service it is to perform.

Which is the most practical wood for a given purpose, and what grade will do the work most economically, can all be told by the scientific knowledge about woods which has accumulated through years of observation and experience.

The user of lumber is today in position to fill his requirements more efficiently and economically than ever before.



What we advocate is conservation and economy through the use of the right wood in its proper place.

To this end we will supply to lumber dealers and to the public, any desired information as to the qualities of the different species and the best wood for a given purpose.

This service will be as broad and impartial as we know how to make it. We are not partisans of any particular species of wood. We advise the best lumber for the purpose, whether we handle it or not.

From now on the Weyerhaeuser Forest Products trade-mark will be plainly stamped on our product.

When you buy lumber for any purpose, no matter how much or how little, you can look at the mark and know that you are getting a standard article of known merit.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices and representatives throughout the country.

## WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

*Producers of Douglas Fir, Western Hemlock, Washington Red Cedar and Cedar Shingles on the Pacific Coast; Idaho White Pine, Western Soft Pine, Red Fir and Larch in the Inland Empire; Northern White Pine and Norway Pine in the Lake States.*





# GET DOWN TO CASES

What make-believe still remains in the general business situation is being rapidly squeezed out. Many of the practices that grew up in the days of palms and roses have been unable to justify themselves since the drought came. Men are going back to the proven methods that may involve more work and real plugging, but that have the quality of productiveness.

Many a business man, getting down to cases, has found conditions in his own organization that would account for a lot of his troubles. Easy times have had their usual results in carelessness, failure to plan carefully, and to follow through systematically.

In some instances the executive has discovered that his organization needs in it more of his own personality—and courage—on the good old theory that every successful business gets most of its good points from the individuality of its strongest man.

Whatever may be the condition in general business, or in your own business or department, the facts are that there is today both opportunity and necessity for you to get down to cases—to break into the game and make things go the way they should.

## Old Time Selling

Business will revive the selling methods that produced results in former times when markets had to be built and every order came only after a fight.

The habit of waiting for inquiries will be abandoned in favor of methods that will produce them. The maintenance of the interest of present customers and the development of new prospects, will become the big issues. The stimulation of the enthusiasm and initiative of the sales force will be recognized as absolutely necessary.

The salesman will be given help and encouragement, not only by regular and sensible bulletins that will give him ideas and facts, but also by the folders and bulletins sent to his customers and prospects. These are of immense value in times when it takes work to make sales, not only for the good impressions made on the buyer, but also because they show the salesman that his house is right behind him.

The Multigraph fits into the needs of the times. As an agency for the rapid production of the letters and printing that are neces-

sary to well-balanced selling activity, it stands in its own class. It is not a make-shift or a substitute, but a worth-while and wholly practical mechanism for use in connection with every sort of sales stimulant, inside or out.

Today it is printing house publications, folders, letters to branches, salesmen and customers, bulletins, price lists and the like—printing every job rapidly, economically, and confidentially. It serves over 300 separate and distinct lines of business, and is used in every civilized country in the world, for the promotion of sales and the stimulation of sales force.

## "How to Sell in a Buyer's Market"

Some suggestions as to how to handle the situation in times like these, consideration of the salient factors in present sales operations; suggestions as to how to get better values from your sales promotion money, these and other interesting and fundamental matters are discussed in a new booklet with the above title. Send for your copy now. Write, telephone, or use the coupon.

THE AMERICAN MULTIGRAPH SALES CO., Cleveland, Ohio, Offices in Principal Cities

THE INTERNATIONAL MULTIGRAPH CO. (British) Ltd.,  
15-16 Holborn Viaduct, London, E. C. 1

THE INTERNATIONAL MULTIGRAPH CO., Paris,  
24 Boulevard des Capucines

THE MULTIGRAPH SALES CO., Ltd.  
54-55 Bay St., Toronto, Canada

# SELL WITH THE MULTIGRAPH

FILL IN AND MAIL THIS COUPON NOW! The Multigraph, 1818 E. 40th St., Cleveland, Ohio—Send me, without obligation, the free booklet, "How to Sell in a Buyer's Market," and full information about the Multigraph. I am interested in the Multigraph for printing the various items checked below.

<b>Manufacturing Department</b> <input type="checkbox"/> Shop Forms <input type="checkbox"/> Time Cards <input type="checkbox"/> Delivery Slips <input type="checkbox"/> Shipping Notices <input type="checkbox"/> Special Notices  <b>Sales Department</b> <input type="checkbox"/> House Organs <input type="checkbox"/> Mailing Cards <input type="checkbox"/> Envelope Enclosures <input type="checkbox"/> Bulletins <input type="checkbox"/> Stickers <input type="checkbox"/> Tags <input type="checkbox"/> Wrappers <input type="checkbox"/> Labels <input type="checkbox"/> Dodgers <input type="checkbox"/> Booklets <input type="checkbox"/> Folders	<input type="checkbox"/> Form Letters <input type="checkbox"/> Circulars <input type="checkbox"/> Bulletins <input type="checkbox"/> Order Blanks <b>Office and Administrative Departments</b> <input type="checkbox"/> Letterheads <input type="checkbox"/> Envelopes <input type="checkbox"/> Invoices <input type="checkbox"/> Statements <input type="checkbox"/> Collection Letters	<input type="checkbox"/> Price Lists <input type="checkbox"/> Imprinting <input type="checkbox"/> Post Cards <input type="checkbox"/> Sales Letters <input type="checkbox"/> Office Forms <input type="checkbox"/> Post Cards <input type="checkbox"/> Memo Pads <input type="checkbox"/> Blotters <input type="checkbox"/> Notices	Firm _____ Our Line is _____ Name _____ Official Position _____ Street Address _____ Town _____ State _____ Nat. Bus. Ass. _____
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# Heavy Duty Autocars



**Autocar  
Distinctive  
Rotary Power  
Dump**

Chassis weight only 6600 pounds

Over-all weight (load, chassis and body) 20,000 pounds

Motor—four cylinder; transmission—four speed selective; rear axle—Autocar double reduction gear drive.

Load unusually well balanced between front and rear axles; an Autocar feature making for economy of operation and upkeep.

Autocar short wheelbase design economizes chassis weight and also space in traffic, in warehouse, in elevator and in garage.

Bodies furnished suitable for every business.

Prices: \$4350 for 120-inch wheelbase chassis shown above; and \$4500 for 156-inch wheelbase chassis suitable for bodies up to 18 feet in length. All prices F.O.B. Ardmore, Pa.

**THE AUTOCAR COMPANY, Ardmore, Pa., Established 1897**

**The Autocar Sales and Service Company**

New York  
Brooklyn  
Bronx  
Newark  
Schenectady  
Syracuse

Boston  
Providence  
Worcester  
New Haven  
Springfield  
Hartford

Philadelphia  
Camden  
Allentown  
Wilmington  
Atlantic City

Pittsburgh  
Baltimore  
Washington  
Richmond  
Atlanta

Chicago  
St. Louis  
Dallas  
Los Angeles  
San Diego

San Francisco  
Sacramento  
Oakland  
Stockton  
Fresno  
San José

*Represented by these Factory Branches, with Dealers in other cities*

# Autocar

Wherever there's a road

NATIONAL CAPITAL PRINTER, INC., WASHINGTON, D. C.